


EXTRA EDITION

JUNE 5, 1922

# THE NATION'S BUSINESS



## What European Conditions Mean to American Business

*Discussed by*

President Harding  
Secretary Hughes  
Secretary Hoover  
Albert D. Lasker  
Joseph H. Defrees  
Arthur Balfour  
Frank A. Vanderlip

Alfred C. Bedford  
Silas H. Strawn  
James R. Howard  
Frank C. Munson  
J. L. Ackerson  
Francis H. Sisson  
Dwight W. Morrow

*A Report of the Tenth Annual Meeting of the  
Chamber of Commerce of the United States*







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*Estate of John B. Stetson at  
Philadelphia, Pa.*

*An etching from a painting in  
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# In This Number

"NO MAN could be called to the leadership of an association such as this; representative of nation-wide business and industry, without a sense of responsibility. If we had ever had a doubt about the basis for that responsibility in business and industry, if we had ever been inclined to feel that business and industry were solely occupied with the sordid details of making profits, the demonstration of the last few years of what it cost in individual distress and loss and suffering when industry recedes, when the processes of trade are broken down, would bring that responsibility home to us at this time as never before.

"For ten years the National Chamber has been building the foundations of a splendid tradition of commerce with a conscience; and at this time, in embarking on a new year with a most hopeful atmosphere for business development and restoration, it becomes me to pledge to you in the spirit of that tradition an effort to preserve and to develop it, and to call upon you for service and for help in the preservation and maintenance of that same tradition."

JULIUS H. BARNES,

*President, Chamber of Commerce of the United States.*

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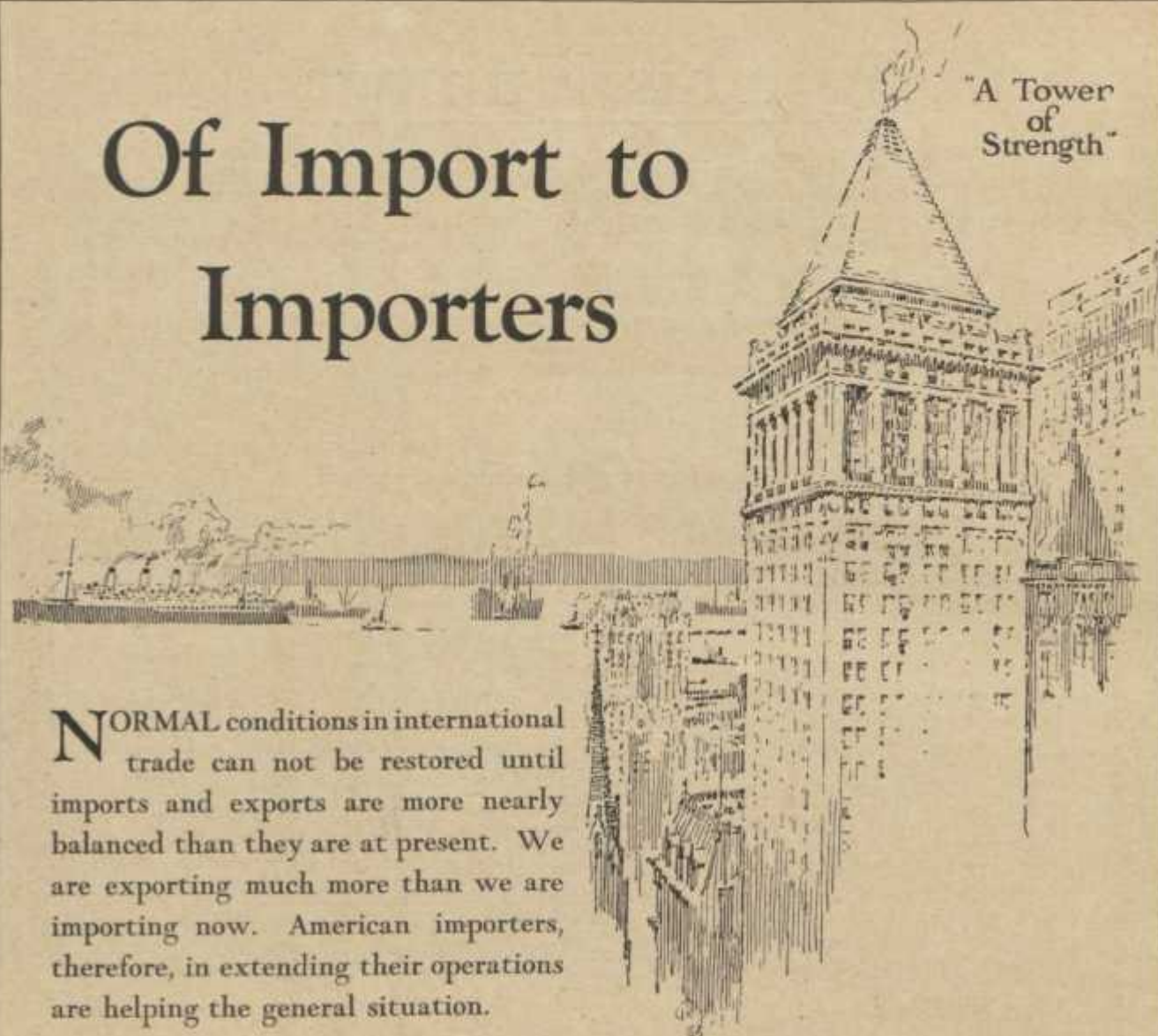
CLYDE A. STEVENS

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.




# Of Import to Importers

"A Tower  
of  
Strength"



**N**ORMAL conditions in international trade can not be restored until imports and exports are more nearly balanced than they are at present. We are exporting much more than we are importing now. American importers, therefore, in extending their operations are helping the general situation.



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# DAHLSTROM

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On every hand we see "Fireproof" and "Absolutely Fireproof." To the average person he takes it for granted and gives the statement little or no further thought. The next time you are in a building labeled in this manner, glance around and see if you would feel safe should a fire get started between you and the exits.

The following may help to determine in your mind the really fireproof building.

1. A building, even with fireproof framework, walls, floors and ceilings is not fireproof when wooden doors and trim are used.
2. Wooden doors, picture, chair and floor mouldings, door and window frames all add fuel to the flames thereby permitting them to spread.
3. Modern public fire fighting apparatus is practically ineffective above the 8th floor of a building.

At the left is shown the L. C. Smith Bldg., Seattle, Wash., Gagin & Gagin, Syracuse, Architects. Below:—An unretouched illustration of the door that saved the Smith Bldg. from fire which started in a storeroom.



In such cases as the Chicago fire in March, the New Willard Hotel Fire, the Lexington Hotel Fire, Richmond, and those cited in the columns of any of our daily papers that tell us the need of truly fireproof buildings. The annual fire loss of the U. S. is astounding. Would it not be better to put at least a part of that money into making safe buildings thereby making better buildings?

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## The "Why" of This Extra Edition

THE TENTH ANNUAL MEETING of the United States Chamber of Commerce, held in Washington May 15th to the 18th, was notable not only for the men it brought to the Chamber's home but for the quality of the addresses and the distinction of the men who made them. A business gathering which can bring before it the President of the United States, two leading members of the cabinet—Secretaries Hoover and Hughes and such notable figures in the world of business as A. C. Bedford, Dwight W. Morrow, Francis H. Sisson, and Arthur Balfour of England—merits more than a casual record. It is with this in mind that the Chamber and *THE NATION'S BUSINESS* decided upon this special issue.

We have not sought to give in chronological order and word for word the text of all that was said in these four days. Neither the time, the space nor the patience of the readers will warrant that.

We have tried to present the most notable of the addresses, many of them in full; others in briefer form. In two cases, we have omitted entirely the addresses, since both speakers had covered, in articles in very recent issues of *THE NATION'S BUSINESS*, the same material which they presented at the general sessions of the Chamber. These two are Col. John Ross Delafield, who, in the

April issue of *THE NATION'S BUSINESS*, discussed the war debts owed by Europe, and Harvey Sconce, who, in the May number, wrote of the ship subsidy from the farmer's point of view.

We have added, because we believe them worthy of a more lasting record, the address of Secretary Hoover at Mr. Bedford's dinner to the American Section of the International Chamber and Frank A. Vanderlip's cable despatch summarizing the results of the Genoa Conference.

It is not possible in the limits of any one magazine to give more than an outline of the more important addresses at the various group meetings. Summarized accounts of these are here published.

Nor have we been able to report as fully as we would have wished the meetings of such affiliated organizations as the National Association of Organization Secretaries or of the American Trade Association Executives.

This tenth birthday meeting of the Chamber was made notable by one other event: The laying of the corner stone of the new building; an occasion made memorable by the presence of Charles Nagel, secretary of the Department of Commerce when the Chamber was founded, and Herbert Hoover, the present incumbent of the office.

THE EDITOR

## "Commerce with a Conscience"

By PRESIDENT HARDING

IF THERE is any one realization which fixes itself more firmly than another in the mind of one charged with great responsibility, it is the conviction that the business life of the republic is the reflex of all its good fortunes. I think I can venture to say that commerce and civilization go hand in hand; and were it not for commerce there would be no civilization.

I recall reading some ancient history which told the story of the first known settlement in the Orient—how the messengers of the producing forces went into other lands on commercial errands. Over these avenues of expanding trade went the sentiments and the convictions and the aspirations of an expanding civilization. I believe that it can be said truly that commerce and civilization are inseparable. Even those who discovered the New World were on commerce bent; and business is the life blood of any and every people in the world.

Sometimes we find commerce where, theoretically, it is little to be expected. I remember some years ago I was negotiating an engagement with a Chautauqua organization, but they were very particular about my subject, stating that the audiences which attended the Chautauquas were very much concerned along certain reformatory lines. And commercially inclined, I adjusted my subject to the suggestions of the management—perhaps not as radically as some might have expected—and some six years later a second negotiation was taken up, and I said to the manager who was negotiating with me, "I do not believe that I could subscribe to any radical program which you have in mind." He said, "My dear sir, we could not sell a reformer on the platform now at any price." That was the reflex of an existing condition, at a particular time.

All of which shows that so great and high-minded an institution as the American Chau-

tauqua, which I regard very highly, has commercial instincts and commercial aspirations. Moreover, it has been my observation in life that even in circles little concerned with commercial good fortune there is seldom any long continued agitation without compensation.

From the viewpoint of one in authority, and having responsibility, comes another consideration. Commerce finds its place in all our considerations. Undoubtedly it had much to do with the bringing about of the World War, and I think I can say, just as confidently, that it was never once forgotten in the negotiation of peace. It is so inextricably associated with all we do that commerce is always foremost in the life of any people.

We in America—I am sure it is not unseemly to say it—are, commercially, a great people, and we ought to be. God blessed us most bountifully in resources. In the



citizenship of this republic is the blend of every people in the world, almost, and I like to say I believe we are unexcelled in genius, we are incomparable in our industry, and we have the talent and the determination—the righteous determination—to be commercially one of the foremost nations of the world.

This aspiration to excel is ever an impelling one, because we have learned from our observations of social and civic life that from the great golden stream of commerce flows everything in life worth while. If it were not for this golden stream that comes from exchanges, from productivity and exchanges, there would be little of education, there would be less of art, there would be few of the finer attainments which make life worth while.

While I am speaking very briefly, I wish to speak for a commerce with a conscience.

If I were to bring only one admonition to you, I would like to charge you men and women of influence and responsibility with the task of eliminating from American commerce those who do not have conscience, whose conscienceless practices bring that criticism which sometimes attends our American activities.

### The Responsibility of the Leaders

SOMETHING has been said, and I think opportunistically said, that we want a period in America with less government in business and more business in government. If the commerce of America were always conscientious, there never would be a single excuse for government in American business.

There is not an agency in American life which can so quickly put an end to abuses and offenses in American commerce as those who are conspicuous in the leadership of that commerce.

It will not do to pursue the activities with which we Americans are so eminently connected without a mindfulness of everybody involved. Commerce cannot be adjusted alone to the fortunes of the captains of industry. There must always be a thought of the great mass, without whom there could be no productivity on the one hand and little consumption on the other.

And I beg to remind you that the great World War, like every other war which preceded it, but more notably the great World War, because of its incalculable immensity, has left a state in human affairs quite different from any that ever preceded it. The war would have been a complete waste, it would have been an utter sacrifice of every effort if we did not find the great human procession on a little higher plane than that which it followed before. And American commerce must keep that in mind. There never will be a time when you can go back completely to the old order of American industry and exchanges in trade.

I say this because at the very moment we are on the threshold of a new era. Undoubtedly there is more than a mere business revival in sight. Our country is finding itself again. We are fundamentally right, and we do not intend ever to be discouraged for a long time.

Business is reviving and we are soon to resume our onward sway, and I admonish you of the larger responsibility to keep in mind the new state of human affairs and the awakened aspirations of men.

I do not think that any business can permanently succeed that is not honest. And I do not think any enterprise ought to succeed that is not honorable. And if you will

combine honesty and honor that enterprise which makes such a slogan will stand unchallenged before the world.

There is one fundamental that we ought never forget. No law can ever be enacted, or any substitute ever found, for the reward of merit. It is the essence of our social life; it is fundamental in our religious life. And I am quite sure that there can be no abiding reward without merit, and I am equally sure that there can be but little of merit without prospect of reward.

### A Message from Russia

NOT so very long ago there came into the executive offices a very distinguished visitor, whose homeland is Russia. He was talking of conditions existing there, and expressing a hope for its restoration, to which we can all very cordially subscribe, and he said:

Mr. President, it will never be brought about until the existing system is abandoned. I know peasants of simple honesty and ready industry who have heretofore always been eager to work and produce, but under a system where they retain only that which is necessary for their subsistence, and the surpluses are taken from them, the inspiration to produce has been destroyed. Russia can never be restored until the communistic idea is put aside, and the rewards for righteous human activity are restored to the citizenship of that land.

I am happy to come today because this is Merchant Marine Day on your program. I am happy to come because there is no one constructive thought in the mind of the administration at the present time which takes rank over that of a desire to firmly and successfully establish an American merchant marine.

I do not know of a nation in the world that ever maintained eminence in trade unless it was eminent as a carrier of trade.

It is perfectly needless to tell a body of business men and women that no thoughtful producer turns to his competitor for his deliveries. And you may apply that to nations. And just now the American Republic finds itself in an unusual situation. Out of the critical conditions existing during the World War we build ships and ships and ships. We expended billions to enlarge our shipping to meet the war need, and peace came and found us the owners of the second largest tonnage in the world.

We found government in business, not fortunately in business either, so far as the merchant marine is concerned, and so we are asking the Congress to give us a merchant marine law under which we hope to put government out of the shipping business and under which we hope to put America conspicuously on the pathway of the seas.

This is essential, not only for expanding commerce, but it is exceedingly essential for American defense. I hope the day will never come when we must resort to war again. I do not believe we would have ever been drawn into the war—I do not hesitate to say I doubt if there had ever been a World War if America had, prior to the war, commanded a merchant marine commensurate with our commercial importance in the world.

I hope to see the day come when we shall have so encouraged American shipping that we may carry our products under the American Flag with our messages of peace and goodwill to all the marts of the world.

I know you are interested in world restoration. So is your Government. But I beg to remind you we must always be right at home before we can be very helpful abroad. We do not mean to hold aloof; we want to

play a great nation's—aye, a great people's—part in the world. I do not know of anything that would help more than to give to the world an example of a commercial nation with an abiding conscience. I wonder if you understand just what I mean by that. Let me give you one example. We are having the problem of tariff legislation.

It is not an easy task. I am sure you know where I stand, because I have spoken officially to Congress. I believe in an American industry first of all in the world. I do not want any American industry destroyed to build up some other in foreign lands.

An illustration was brought to the attention of some members of Congress the other day of imports being brought into the United States because of conditions in the Old World. Let me take a hypothetical figure. Imports were brought in, and with the tariff added on a single article the first cost of which was, we will say, 25 cents, the article was priced to sell to the American consumer at \$5. That is a commerce without a conscience.

### Reason for Complaint

YOU cannot be astonished that there is complaint from both American producer and consumer. You cannot afford to destroy American industry to facilitate an importing trade like that. You cannot afford to have international exchanges of a destructive character.

Did you ever stop to think how commerce originated? Primitive man was not concerned about it. He only dug into the soil which nature left at his disposal and produced sufficiently to sustain himself and those for whom he was responsible.

In a little while, one man found that he could produce conveniently more than he needed for himself, along some lines. Another produced something else more effectively than he needed for his own consumption. The one over here exchanged his surplus for the surplus of the one over there, and there commerce had its beginning with primitive man.

If they had started exchanges in the things that each produced alike, nothing would ever have been accomplished. So it is in international trade. We want to trade with the world. I believe it is possible to trade with the world without any destruction of American productivity. I wish for such an arrangement. Let us sell things that Americans can produce advantageously to those who cannot produce them. Let us buy the things that they have to sell to us and which we do not produce.

Out of such exchanges come righteous relationship and balances of trade and the continued forward movement of the great human procession. While we are marching in that procession it is always wise to keep in mind those who have difficulty to maintain the pace; and the forward moving army must be one of contentment and continued good fortune. If we may have in America conditions under which men may produce and enjoy life with something of luxury, as well as the necessities, we shall have a contented citizenship; and out of a contented citizenship comes patriotic citizenship. In the combination of these things I hope to see our America go on as a nation producing not just hundreds of billions, but a nation surpassing our possible dreams, a prosperous, happy future where men may gather around the camp fires at night and sing their songs of rejoicing and awaken to their tasks and resume their march with that hope which is the righteous inheritance of a free citizenship in this republic.



# Deal Only with Upright States

By CHARLES E. HUGHES

*Secretary of State*

THE DIPLOMACY of democratic peoples has its own requirements, advantages and difficulties. It should be open, candid, direct. It has the advantage of being free from dynastic exigencies and has few inducements to continue the tradition of duplicity and intrigue associated with despotic governments. It also has the advantage of responding to public opinion; it reflects the perception of the common interest. The difficulty, however, of maintaining an enlightened public opinion with respect to international matters is very great, and it has been increased in this country by the lack of general interest, at least until recently, in foreign affairs. This good-natured indifference, except in grave emergencies, our geographical position, the extent of the country and the wide range of domestic opportunity have developed a sense of self-sufficiency. We have only begun to think internationally, and we find the attitude of the public mind to be still ill-adjusted to the magnitude of our financial power and to the international interests which we have suddenly accumulated as the result of the World War.

Apart from the remedial lack of adequate knowledge of general conditions and backgrounds, there is always the difficulty of conveying to the public a full understanding of the facts of the particular situations which are engaging the attention of diplomatic officers. This can largely be met by a constant effort to make known to the public the general lines of policy, to give adequate information as to particular aims and to take the public into confidence to the utmost practicable extent with respect to particular measures. There should be no reticence for its own sake, or as a mere continuance of a perverse habit; there should be directness, promptness, candor—in short, efficiency.

But it should be understood that there are certain inescapable limitations in the most straightforward diplomacy. In ordinary dealings between individuals, the advantages of retaining the good opinion of other parties to the negotiations—rivals or competitors—may sometimes be considered negligible, but the good opinion of nations is not negligible. The peace of the world ultimately depends upon the good will of peoples alert to everything that touches the national honor. The alternative of friendly settlements is resort to coercion, and if you wish peace, you must pursue the methods of friendly intercourse between governments and recognize whatever is essentially involved in these methods. There is no other way.

In considering the relation of our diplomacy to the business interests of the country, it should always be remembered that the department which deals with our foreign relations is the Department of Peace. The resources of negotiation, of reason and persuasion are within its control. The very foundation of all business security, in an important sense, is within the keeping of the foreign offices of governments, as to them—as the agencies of peoples—must be entrusted the practical processes by which nations may adjust their mutual interests, settle their disputes and prevent the frightful losses and dislocations of war.

I have always advocated the justiciable set-

tlement of all international disputes which can be regarded as having a justiciable character and have favored the development of institutions for that purpose. But with due recognition of the importance of this means of settlement, it must be borne in mind that the most serious international controversies, and this is especially true at this time, are not of a legalistic nature, and must be settled, if they are settled at all, by negotiations and agreements. They lie outside the application of defined juristic principles, and the more unstable we find world conditions to be the greater the necessity of the efficient operations of diplomacy and of the adequate organization and support of the peace department of our Government.

Another fundamental question at this time is the preservation of the essential bases of international intercourse through the demand for the recognition of valid titles acquired in accordance with existing law and for the maintenance of the sanctity of contracts and of adequate means of enforcing them.

Intercourse, from the standpoint of business, consists in the making of contracts and the acquisition of property rights. Nations may adopt what policies they please for the future conduct of their local affairs, and if these policies are not enlightened, the result will inevitably be that production will languish and trade will shrivel up, and they will look in vain for security and confidence; still they will be within their rights in determining their future policy in local matters. But if they seek international intercourse, they must perform international obligations. When they have invited intercourse with other nations, have established their laws under which contracts have been made and property rights validly acquired, they put themselves outside the pale of international intercourse if they enter upon a policy of confiscation. International relations proceed upon the postulates of international morality, and the most important principle to be maintained at this time with respect to international relations is that no state is entitled

to a place within the family of nations if it destroys the foundation of honorable intercourse by resort to confiscation and repudiation, and fails to maintain an adequate system of government through which valid rights and valid engagements are recognized and enforced. This is in the obvious interest of business, and this is merely a way of saying that this course is vital to the prosperity of all peoples, for the activities of business are those of production and exchange upon which the welfare of peoples inevitably depends. If profits are anticipated through a departure from this clear path of honorable dealing, they will be found to be illusory.

At this time we also have occasion to deal with the enlarging of the opportunities for industry and commerce by the recognition and extension of the policy of the "Open Door." At the recent conference held in Washington, the participating powers succeeded in taking what has been the subject of general diplomatic phrases in relation to China and putting it with more definite explication in the precise form of a treaty engagement. Thus they have agreed that they will not seek nor support their respective nationals in seeking:

(a) Any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China; or

(b) Any such monopoly or preference as would deprive the nationals of any other power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese government, or with any local authority, in any category of public enterprise, or which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

This Government has been insisting, and I am glad to say with a gratifying measure of success, upon the application of this principle to the territories which recently have become the subject of the novel arrangement of mandates, and we have received important assurances with respect to equality of commercial opportunity in these regions.

In giving appropriate diplomatic support to American enterprise, our Government does not, of course, attempt to secure contracts for its nationals or to institute particular undertakings. I assume that no one could wish the Government to be so involved. Its object is to keep open the course of fair and equal opportunity. Hence it is a vital principle that it must act with absolute impartiality with respect to American business interests which may happen to be in competition. It does not attempt to favor one at the expense of another, but to maintain such policies with respect to international intercourse as will give all a fair chance.

And in this connection permit me to say a word to the effect that the relations between the Department of State and business men involve a certain measure of reciprocity. It is not only important that there should be an alert and efficient organization of this branch of the Government, but it is also important that it should always be remembered that good faith and cordial feeling are of the utmost importance in international





affairs and that nothing in diplomatic intercourse can atone for the conduct of disreputable business agents and speculators who do not carry into their undertakings abroad those methods of honorable dealing which must always be assumed in giving diplomatic support. This Government is not engaged in endeavoring to promote the opportunities of chicanery, and business interests in their dealings abroad are under a patriotic obligation to maintain the prestige of their country.

Aside from these observations as to fundamental principle, I could easily enumerate a host of special instances in which the activities of the department are now engaged of vast importance to the business community. But such a narration would not aid in the safeguarding of the particular business interests concerned, and at best could serve to emphasize by particularization the general observations I am making as to the importance of the adequate organization of the department.

The organization of the conduct of foreign affairs implies the mechanism (1) for obtaining complete and accurate information, and (2) for constant and direct contact with all those concerned; and the operation of this mechanism must be dominated (3) by an American policy conceived and defined with an accurate appreciation of all American interests involved.

This manifestly requires unification of effort. The function of directing intercourse with foreign governments in the nature of things cannot be divided. There must be unity in the formulation and direction of policy and unity in its execution. Manifestly, you cannot deal with different governments through different instrumentalities; and you cannot deal with the same government

through independent agencies, or you will work to cross purposes. However important and helpful it may be, and I agree that it is most important and helpful to have specialized efforts to promote trade, to secure technical assistance, to gather and disseminate in the most expert manner all needed information, to organize the facilities of commerce and provide for the manifold exigencies of our exports—and I am as anxious as anyone to see this provision generously made—still it remains so clearly true as in my judgment to be beyond controversy that when you come to the point of dealing with governments you must have a single governmental agency of international intercourse, or you will have confusion and make definite and consistent policy and effective governmental action impossible.

It is especially important to recognize this fact at this time, when our international problems tend to become mainly economic problems. There is the more imperative necessity of adequately organizing international intercourse. The effective intertwining of political and economic problems imposes a heavier strain upon the machinery and requires suitable readjustment, but the exigency requiring a unified system of contact with foreign powers remains exactly the same. In truth, many of our economic problems have now the feature that governments, directly or indirectly, are themselves more largely involved in economic projects, and economic problems must of necessity to a larger extent than before be taken up with governments through diplomatic channels. Unity of control of contact with foreign governments is absolutely essential.

Then there should be a coordination of effort among the different departments of

government. Sometimes it might be supposed that the different departments of government were so many different governments, such has been at times the nature of the intercourse between them. While we are intent upon perfecting any particular agency of government, we can never afford to lose sight of the fact that it is a single government whose varied instrumentalities we are considering and which must act as a single government with a unified purpose and method.

I am glad to say that we are achieving at this time a very gratifying measure of cooperation among the Departments; in particular, the relations between the Department of State and the Department of Commerce are most cordial and mutually helpful. We are working with each other and endeavoring each to aid the other in its recognized field of effort. It is my most earnest desire that all practicable measures shall be taken to promote American commerce and disseminate through all appropriate channels the essential information which the American merchant needs.

The Department of State is carrying the flag of the twentieth century. It aims to be responsive in its own essential sphere to what it recognizes as the imperative demands of American business. It aims at the coordination of the work of all departments bearing upon the same great object of American prosperity. It intends in its contacts with foreign governments to maintain the American tradition of candor and good faith and at this difficult time it is earnestly desirous of aiding in the reestablishment of stable conditions and thus of contributing to the welfare of other peoples upon which our own prosperity must ultimately depend.

# A Year of Cooperation

By HERBERT HOOVER

*Secretary of Commerce*

IT GIVES me a great deal of pleasure to have this second occasion of meeting with the National Chamber. Last year we met in times of very great difficulty, in times probably of the greatest difficulties of our generation in the business and commerce of the United States. We were then in much greater economic jeopardy than any of us were prepared to admit publicly. Indeed, the members of your Chamber, like the members of the Government, whistled valiantly while we passed that graveyard. We were at that time in the midst of probably the greatest credit strain that we will ever have to undergo. We were in the midst of a test as to whether our newly created Federal Reserve System—for it was a new system since the last great economic crisis—could survive the strain. The strain was greater than any probably ever before plunged upon our credit institutions, for we were then in the middle of the greatest commodity crisis that we have ever undergone, prices in less than 12 months having fallen nearly 40 per cent.

But yet the credit system of our country withstood the shock, and we have been able to come through this great crisis without a financial panic. A financial panic would have caused untold havoc, and delayed our recovery for years.

Now that we have long since passed that graveyard, that we are well out of the woods, we can afford to talk with some assurance

as to the situation in business, in commerce and in industry in our country. We have still many readjustments to make, but those readjustments are now of a minor order compared with those that we have already undergone. The prices of consumers' goods and producers' goods have, during the last five months, come closer and closer together, until we are now safely on an economical tableland where we should not meet with any violent price variation for some time to come.

The main purpose and the theme set for this meeting of the Chamber has been the effect of the European situation upon American business. Next to our domestic economic problems, the matter uppermost in the minds of all of us must manifestly be the advance of Europe toward the degree of stability which we ourselves enjoy. The steps necessary for its attainment have been in vigorous debate for the last three years. Business men and economists the world over have long been in common agreement upon the major steps. The great debate at Genoa has again served to confirm these principles and measures.

The conclusions of the great majority include:

First, such political relations between the states in Europe themselves as will produce an atmosphere of peace and destroy the atmosphere of war.

Second, the reduction of armament not only

to lessen government expenditure but to give confidence of peace.

Third, the inter-governmental debts including German reparations to be fixed upon such a definite basis of payment of interest and principal as will create reasonable confidence that payments will be met.

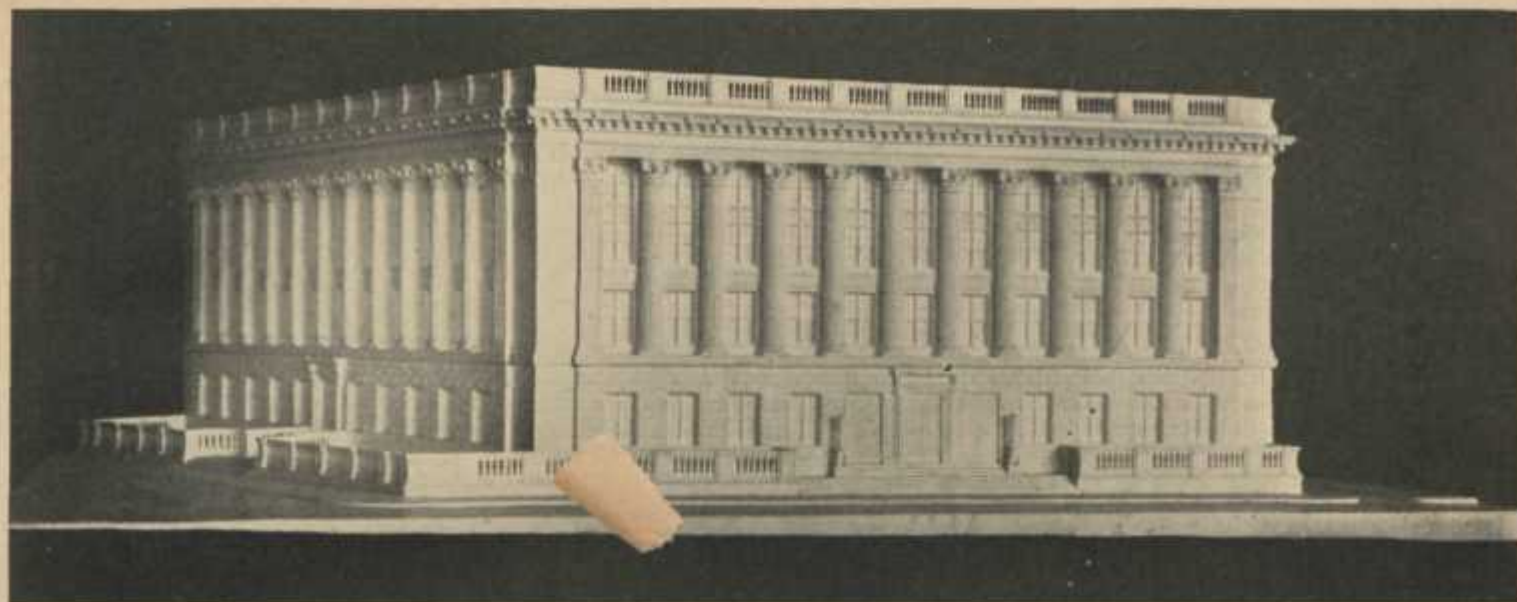
Fourth, the balancing of budgets more through the reduction of expenditure than the increase in taxation and a cessation of the consequent inflation in currency and short-time bills.

Fifth, the ultimate establishment of the gold standard with the assistance of either credits or gold loans, and where necessary, the acceptance of diminished gold content to many old units of currency.

There are many less important steps but they become easy and certain when these major issues are accomplished. If these measures could be accomplished tomorrow the stream of commerce and industry would rush economic recovery at a pace which would amaze the world.

It is easy to lay down principles and measures. It is indeed of value that this should be done. But the attainments of such measures would imply much realignment of political and economic vision. These things are not to be accomplished in days or months. So long as they are not accomplished progress will be slow, for these are not economic theories; they are inexorable principles of economic hygiene, disregard of





New Building of the Chamber of Commerce of the United States to be erected at Washington.

which brings a continuous harvest of human misery and danger. As until their accomplishment is in sure process, our citizens must guide their business with caution in relations to the nations who are as yet unable to make these steps.

I am not one who believes that civilization will crash because these measures have been delayed by some nations in the multitude of passions, and almost insoluble difficulties they confront as the aftermath of the greatest of wars. We are now more than three years from the armistice and despite the failure to secure universal economic hygiene, the combatant states upon the Continent, except Russia, have made very definite progress in these directions. The very fact that these states have survived it all is proof of the virility of their institutions.

Our people have a deep solicitude for Europe's prosperity and a sympathy with her difficulties which are comparatively so much greater than our own. Our interest extends far beyond considerations of purely economic interest. Her burdens indeed do react upon our employment and the difficulties of our farmers and of our merchants. In argument of some European business men and economists, however, there is a tendency to overestimate our economic dependence upon Europe, and there is sometimes a tendency to stress too highly the world responsibility as applied to the United States. Our economic progress is to some extent freeing itself from dependence upon the international situation as witness our recovery from the world depression, and we have first to keep America strong if we would be of assistance to anybody.

We have indeed poured our resources into the assistance of Europe ever since the war was won—to a total of probably more than \$4,000,000,000—of governmental and private loans, with an addition of more than \$1,000,000,000 of charity. If we had not done so the continent would have sunk into chaos long before this. It is not our desire to dictate but to cooperate in every way that is possible, practicable, and that will be effective.

When we come to the problems of further economic assistance we must deal with very realistic questions. First, the most unlikely event on the economic earth is that the United States will, as a government, again engage in any governmental loans; and second, as financial assistance must arise from our private investors, then in order to attract those in-

vestors confidence must be maintained in the progress toward peace and economic stability in that nation which wishes assistance from our people.

There are some matters in the lending of private capital that are of concern to the nation as a whole. For instance, it is essential that these loans should be confined to reproductive purposes. All loans to foreign nations which are not employed for reproductive work are a destruction of the capital. The furnishing of raw materials, the construction of transportation facilities, public utilities, factories and production throughout the world, is a use for American capital that blesses both the borrower and the lender. The upbuilding of the rest of the world and its consuming power adds primarily to world well-being, but it also adds to the future demands for our own labor, the products of our own farmers, and the services of our own merchants.

#### A Double Loss

**B**UT loans that are dissipated either directly or indirectly in military expenditure or in unbalanced budgets, in the bolstering up of inflated currencies, are a double loss to the world. They are not only a loss in that they add nothing to increased productivity, but they are a loss in that they entail the postponement of those measures which are vital for the economic rehabilitation of the world.

Now, a word on our own foreign trade. I hear many doleful laments over the destruction and depression of our foreign trade. I have not joined in this despair. As a matter of fact, if we would plot a curve of the gradual growth of our foreign trade for a period of fifteen years before the war and project that curve ahead to the present day, we would find that our trade during the very melancholy year of 1921 was almost exactly at the stage it should have been had there been no war. In fact, it exceeded our trade of 1913 by nearly 40 per cent.

Moreover, while we suffered from the slump of the post-war boom, we have not suffered as much as our competitors; and during the last few months our trade has shown distinct signs of improvement. And I see no reason for the dismal note that is struck by some of our citizens with regard to our foreign trade prospects.

It is true that, as a result of the war and other changes in the world's economic condition, there has been a shifting in the relative

volume of export commodities. The most pronounced and deep-seated change in our imports in the last few years has been the steady increase in the tropical commodities, that increase amounting in six years to more than 50 per cent. This group of commodities is in addition to our own standard of living as it adds those commodities that we cannot ourselves produce. Any increase in these commodities certainly does not come into competition with our own industries.

It is my belief that we shall see further increases in the volume of tropical produce, for it fits into the cycle of world commerce, because it enables the manufacturing countries in Europe to draw on our raw materials and our manufactured specialties and to liquidate the payment to us by their exports of manufactured goods to the Tropics.

In our export trade the most pronounced change, due to the war, has been the decrease in our cotton and metal exports, due to the impoverishment of Europe, and, in turn, the increased exports of foodstuffs.

These latter exports today are of a volume greater than those of 1913 by almost precisely the amount that Russia fails to deliver into the world's market. The United States has replaced Russia as the food base of western Europe. It will be many years before Russia returns as a large exporter of food, and we can hope that with her return to prosperity and recovery it will be accompanied by such an improvement in Europe as a whole as to maintain our export trade.

During the past year, as I promised you at your last meeting, the Department of Commerce has been itself under vigorous reorganization. We have had the cooperation of Congress in the furnishing of further appropriations for services of importance to the commercial public. We have had cooperation from your Chamber, not every week, but every day and also at every hour of the day. In that reorganization we have sought to accomplish three issues: First, so to reorganize the foreign service of the department as to make it of intimate and practical value to American industry and commerce; to reorganize it on such a basis that it would represent the cooperative action between American business and the Government. In rebuilding this service we have divided the Department into broad commodity groups. We have asked the various trade associations in the industries concerned themselves to nominate for us the men who



should head those divisions, and to provide from their membership, committees who would meet with the Department, not once a year, but at least once a month, and even once a week, in a deliberate and positive strategy for the advancement of American commerce abroad.

That reorganization has been of some importance. At the time that I met with you last year the average daily applications to the Department for one service or another in connection with foreign trade were less than five hundred. Recently these applications for assistance have averaged more than two thousand a day.

I discussed with you at your last convention the problem of the statistical service of the Government. During the past year we have taken very definite steps in the organization of these services in such a fashion as to produce for the American business public current statistics as to the production and consumption and many other items that are of importance to the business world. The vast statistical service of the Government had been designed to secure information of the most accurate character, but the very accuracy of their service defeated one of its great purposes, and that was its prompt publication.

The census of manufactures recruited once every two years required some six months to secure and some five or six months for publication. The data, valuable as they are in legislative and contemplative sides of the Government, are largely historical from the business man's point of view.

We have reorganized that service in such a fashion that when we have completed the census that is in progress we will have established a basis upon which we should be able to carry forward current annual and monthly statistics of the industries.

We have also branched out in one direction that is new, and that is the inclusion in the Department of Commerce of broad programs for the elimination of waste in distribution and production. Those programs are purely cooperative with the business public. The Department of Commerce is not a regulatory department. It has no desire for regulatory powers. To be of service it must succeed by cooperation with the business men, or it never can succeed.

It has been, therefore, the ambition of the Department that it should build up the most systematic cooperation that has yet been attempted between any department of the Government and the public. That cooperation has proceeded apace during the past year. Two hundred and fifty trade associations are in constant contact with the Department in their problems of the elimination of waste, foreign trade and statistical services, and I believe that the Department now, with the increased resources furnished to it by Congress, the fine upbuilding that it has received in cooperation with your Chamber, promises to be a real Department of Commerce.

One notable case of cooperation with the Chamber during the past year is in connection with the matter of employment. Late last summer or early fall we were confronted with a larger proportion of unemployment than we had ever faced before in our national history. We were threatened with great difficulties and great suffering. The conference called by the President, in which your Chamber took a very notable part, secured the mobilization of the manufacturing industries of the country in support of the efforts of each local community; it secured the enlargement of appropriations and the stimulation of public works; and in consequence we have passed through the

greatest winter of unemployment in our history, and yet there has been but trifling complaint of suffering or difficulty. Indeed the difficulties of the past winter have been far less than those in other periods of less unemployment, largely due to the fine cooperation that has been built up with the manufacturing and business public of the United States.

Such cooperation is in itself proof of a larger vision on the part of commerce and industry.

Ten years ago when this association was founded your conventions had little contemplation that your service would be enlisted to secure the solution of such problems as unemployment. That and a hundred other issues that you have embraced within your services mark the growing vision of the American business man as to his responsibilities to the public and his fortunate position from which he may serve the public. This

spirit pervades not only the Chamber of Commerce but also the great associations of farmers over which Mr. Howard presides. And I would not fail to pay a tribute to our great labor associations for the splendid manner in which they have stood for the economic system that you and I consider vital to the American people. These are all indications of the wider spread of vision of our national organizations.

The thought of the world is in great ferment. The many changes in industry and in commerce and in the economic currents of the world will bring many fundamental changes to us before your generation and mine is over; the great hope of the American people must be that these great voluntary associations, representing as they do that inspiration and instinct of the American people for self-government, will be themselves the implements through which we will find the solution of this multitude of difficulties.

## Russia—An Economic Vacuum

An Address by Herbert Hoover before the American Section of the International Chamber of Commerce

I HAVE been asked to say something upon the situation in Russia. It is indeed one with which every sympathetic person must feel great concern. A great nation is suffering agonies that the world has not known since the dark ages. The overthrow of the old régime, with its centuries of misgovernment, met a great response in sympathy from our people. But the swing of the pendulum under the impulse of the old store of suffering did not stop halfway but swung to a frenzy of destruction that has brought their economic system to ruin.

Even outside the drought-stricken area, the Russian people are slowly dying. They are being destroyed from inside of Russia, not outside. For they die from the destruction of productivity. The people are sick with war and terror; their hope of relief is in evolution, not in revolution. Today the social pendulum is swinging back. Communism has been abandoned for a cross breed of individualism and milder but equally unworkable forms of socialism. Nor must Communism or Socialism be confused with the Russian people, for today the adherents to those beliefs in Russia have diminished to a very small minority. But whether the adherents are small or large Russia must work out her own political and economic system.

Our relationship to this problem must be predicated upon one basis only, and that is what will bring real assistance to the Russian people in this time of their greatest need. We could base help upon sentiment, which is charity. At best it is but a temporary expedient. We are providing charity in Russia today in a measure ten times all the rest of the world, and we are saving the lives of 10,000,000 of their people. The solution cannot be found in charity, for unless productivity is restored, charity will be overwhelmed. Real and lasting help must be based upon cold economics or it will bring no real reconstruction or relief to Russia.

This is no time to discuss the responsibilities for this great catastrophe, except in one minor particular. Some officials in Russia and their followers in the United States seek to blame the responsibility for this situation upon America. The point where we are supposed to have incurred this responsibility was in continuation of the blockade after the war was won. This

blockade, imposed as a war measure against the cooperation of Russia with Germany, was continued for a year after peace.

I, myself, was one of those who strongly advocated that this should not be done, because I felt that whatever goods could filter to Russia would relieve just that much individual misery, and that it would be well for the world to lift the curtain on this experiment in economics. We know now, however, that it would not have made one jot of economic difference in the real situation of the Russian people had the blockade never been imposed. The economic troubles of Russia were from within and not from without, for Russian production was being destroyed in this social experiment and she had no commodities for exchange even if exchange had been permitted.

This is indeed now demonstrated to have been truly the case because the blockade was removed two years ago. During the last two years there has been no ban on any merchant's sending in his goods, or any investor's lending his savings for development of industry if he felt so inclined. No practical advantage has been taken of this situation, and the productivity and industrial machinery of Russia have continued to degenerate steadily until this day. The proof that access to Russia alone was not the solution is evident, for if we subtract the goods that have been moved into Russia by the charity of America and the two or three hundred million dollars of goods imported with the old gold reserve, the supplies moving in the course of normal trade have been pitiable, and the people were starving even before the drought. The export of goods from Russia for 1921 was less than \$10,000,000 as compared with \$700,000,000 before the war.

It seems to be believed by some people that if we would go one step further in relations and establish in Washington a Soviet Ambassador, then goods would begin to flow—but goods do not move in an economic vacuum. More political officials will not solve this issue; it requires the restoration of the dynamic forces of productivity and the establishment of security for investment. The foundation of these things must be laid in Russia; it cannot arise in the United States.

Some Russian officials have held out promises of great advantage to us if we would reestablish ambassadors and would come to



her economic assistance. It is a constantly reiterated statement that here is a vast field for the sale of American goods, for the employment of millions of American workmen and for large profits to those straw men called capitalists. These statements have the same degree of inflation as the bolshevik ruble, which now stands 4,000,000 to the dollar.

When Russia was running full blast previous to the war, she took 1 per cent of the exports of the United States which, when reduced into terms of working time of our workmen and farmers, meant roughly the employment of say 30,000 Americans. We are, therefore, not, nor ever will be, dependent upon Russia for the physical welfare of our people.

If America is to consider financial assistance to Russia on any basis except charity, we must examine the whole problem from a practical point of view. Two solemn facts are outstanding. The first is that Russia is bankrupt. She has no productivity; her factories and mines, even where founded on Russian raw material and repairs, are producing but from 2 to 25 per cent; her railways are transporting less than 7 per cent of their pre-war capacity; her agricultural production is below her own needs instead of the great normal surplus; she has eaten up her entire fat, and can for a long time have nothing to exchange for the services of our workmen or the savings of our investors. Therefore, if we would supply work, capital and talent to the reconstruc-

tion of productivity in Russia, they must be given upon credit or charity.

Second, when our people are called upon to place their savings in such investments, they will be likely to ask for security for repayment and evidence that there will be a return to productivity in order that payment may be made. We arrive at once at the primary consideration of those economic essentials that will make productivity possible and that will give security to investment.

Our Government stated these standards one year ago as follows: "No lasting good can result so long as the present causes of progressive impoverishment continue to operate. It is only in the productivity of Russia that there is any hope for the Russian people, and it is idle to expect resumption of trade

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until the economic bases of production are securely established. Production is conditioned upon the safety of life, the recognition by firm guarantees of private property, the sanctity of contract, and the rights of free labor."

This statement sets no moral or political standards; it is but the hard, cold, economic fact. It was made in a spirit of sympathy and interest in the practical welfare of the Russian people. Since this statement Russia has made some progress toward these primary essentials. But the fatal difficulty is that under even the present somewhat modified system both security and promise of productivity are insufficiently certain, and this certainly has to be made clear, not to the American Government, which is not a money lender, nor to the American banker who is but a broker, but to the American investor whose savings are at stake and to the American merchant whose goods are to be contracted for.

Unless the confidence of these merchants and investors can be secured there will be no credits extended other than the minor sums of the greedy speculator. Our citizens in considering these things naturally raise the question of the treatment of our fellow-countrymen who have already invested their savings in Russia, not alone because of any solicitude for the comparatively small amount of such investment but because their treatment will be the index of confidence to others, and far beyond this, because there lies here a principle to which the American people must needs take heed, for that principle lies at the root of the whole basis of international commerce.

This principle is that unless foreign merchants and investors may enjoy property and security of contract under the terms of the institution by which they acquired them, or

alternatively, receive compensation for the loss of them, then the whole fabric of international trade and commerce will disappear and the world will go up in chaos. It is impossible to conceive commerce between nations that is not founded upon the right of property and upon the sanctity of contract. A century ago nations were nearly enough self-supporting to withstand such a shock. The world has now grown into absolute interdependence. The very life of people depends upon the movement of commodities and goods from one nation to another.

### Property Rights Indispensable

PROPERTY rights are not a fetish; they are an instrument of industry and commerce and are as indispensable as ships. Unless there can be an assurance of the security of these rights of foreigners there can be no processes of exchange in goods or investment of savings. There is no enforcement of property rights and contract between nations unless we are to force the test of war which America has always refused to do. Our only course is to decline relationships until these things are maintained. Upon confidence in the good faith in these principles among nations rests the whole fabric of international life.

These are not academic theories. They are questions which affect the life and death of millions of people outside of Russia who are dependent upon international commerce for their daily bread. They are the economic foundations of relations that must be established with Russia, for they alone will make for her real reconstruction and the salvation of her people. All else is beside the point except charity, which in the nature of things must be temporary.

In the meantime, while Russia slowly swings toward the standards that we believe are vital to her recovery and to the point

where it is possible to undertake her rebuilding, America has not been remiss. Before the next harvest the American Relief Administration, under my direction, will have expended more than \$50,000,000 in American charity on the saving of Russian people from starvation and in providing seed for the next harvest. This operation will perhaps do more than save ten millions of humanity from death. It will, through this act of charity, have saved the soul of the Russian people from an abyss of despair too terrible for human expression. It is the visible evidence of the sympathy of the American people and our desire to help.

To those Russian officials who have this last week reminded us that our Government in its relations to Russia was dominated by horrible trusts who would recover their property, it may be pointed out that the sums we are spending on charity before the next harvest will probably exceed the whole value of American property in Russia and, incidentally, will be many times as much as the charitable contributions of all the rest of the world together. But charity is not a solution.

But when all is said and done, the great problem still stands out. Russia is slowly dying because the dynamic forces of production and foreign confidence have not yet been restored. We, a great Christian people, look with horror and deepest sympathy upon her untold miseries. We wish to find foundations in realism for assistance to the Russian people. To extend this help requires a vast restoration of confidence. It requires a restoration of the processes of business and commerce. Russia is making progress in these directions. We wish to help, but where does lasting help lie except in the firm and final reestablishment of those basic fundamentals that we have already stated?

# Europe Is on the Mend!

By ARTHUR BALFOUR

PROGRESS toward reconstruction, while it has appeared to be slow to those of us in close contact with the situation, when viewed from the experiences of past history, has really been extraordinarily rapid. The situation created after the Napoleonic Wars required twenty years of readjustment before normal conditions were again reached. In more recent times the Boer War, in which England alone was involved, caused a depression in trade which lasted for at least four years, and I feel that there is cause for us to be thankful for the progress which we have made toward reconstruction in the past three years after the most devastating and ruinous destruction of life and property that the world has ever seen, and that on the whole it is really highly satisfactory.

The real financial strain which has disastrously affected the industry and commerce in all European countries and, to a lesser extent, in your own country, has been the enormous burden of taxation which has been imposed. Few people realize the extent of this strain. I think I can perhaps bring it home to you by quoting the amount of taxation per head of population and the expenditure per head of population which has been incurred by the United Kingdom, France, Italy, your own country, and Germany, for the years 1921 and 1922:

ALL AMOUNTS SHOWN IN THEIR EQUIVALENTS IN POUNDS STERLING PER HEAD OF POPULATION

	Taxation		Expenditure	
	1921	1922	1921	1922
U. K. ....	£20.4	25	24.3	3.7
France .....	9.44	1.7	15.56*	2.26
Italy .....	3.19	.623	6.51	.805
U. S. A. ....	7.8	1.65	7.5	1.7

\*Of the French expenditures of £18.56 per head in 1921 France hopes to recover £7.81.

I will call your attention to the fact that the population of the United Kingdom has had to bear taxation to the extent of £20.4 sterling per head of population. The next highest figure after the U. K. is France, which, taking the franc at 50 to the pound sterling, works out about at £9.44. Then follow the United States with £7.3 per head of population, taking the dollar at 4.40 to the pound.

The really significant point about the figures which I have quoted to you is that in not one single country is the expenditure completely covered by taxation. This is a very serious situation and must be stopped if national insolvency is not to result. I might tell you that, in addition to the taxation of £20.4 per head of population in England in the year 1921, local taxes were paid to the extent of £4.11 per head of population, which is three times as much as was paid in the year 1913. The urgent and absolute neces-

sity for every one of the great countries to which I have referred is a drastic and accumulative reduction in expenditure. We cannot, under any consideration, continue to spend in the present lavish way on administration or public services, and it is the prime duty of all those engaged in industry and commerce not only to suggest to the administrators of their country the methods by which savings can be made, but imperatively to insist on those savings and see that they are actually put into operation.

There has been an enormous increase in expenditure on what I might describe as "public services" such as Health Insurance, Old Age Pensions, Unemployment, Education and reliefs of one kind or another. In the case of the United Kingdom these expenditures in 1920 were 257,000,000 pounds sterling, whereas the total national revenue for the year 1913 was only 200,000,000. While most people are in agreement that money should be spent on education, the prime necessity in every country is to feed and clothe the young generation which is growing up, and to look after their health and then educate them, and in this way alone can the industrial and commercial capacity of a country be maintained.

It is extremely difficult for those dependent upon votes adequately to face the reductions



in expenditure which are vital and which must be brought about before we can look for a real steady improvement in trade. One of the most disastrous features of the war taxation in every country has been the fact that the Administration's interest was to collect the maximum amount of taxes possible, and this has caused the revenue collecting authorities to insist on assets, particularly stocks, in the balance sheets being taken at the highest possible figure which they could justify. This has resulted in inflated profits.

In normal times you and we, as prudent men of business, would have kept on reserve substantial amounts to meet the fall which we knew was inevitable in the value of our stocks. These reserves have been absorbed by taxation, but the worst feature of the situation is that whereas the value of these stocks has now disappeared, the liability to taxation against the values on which they were based still remains, and what was intended to be a tax on income has now become a tax on capital, with disastrous results to many well-established and well-managed concerns in all European countries.

Happily taxation which was temporary is disappearing, and with its disappearance the governments of the various countries will leave the management of the businesses and the prudent making up of the balance sheets to the discretion of the business men of their various countries.

Another great menace to industrial and commercial prosperity is the question of war debts and reparations. The Reparations Commission has published the following figures, in pounds sterling, as the claims of the varied powers named:

British Empire.....	£2,446,700,658
France.....	8,741,663,845
Italy.....	2,961,515,655
Belgium.....	1,465,194,477
Japan.....	83,277,400

I believe that since these figures were published the United States has made certain claims which were not before the commission at the time these figures were printed. To bring home to you the amounts owing by various countries as debts contracted on account of the war I read to you the following table, which has been converted into sterling equivalent at current exchange:

		Debt to Allies, millions	Approximate sterling equivalent, millions
United Kingdom.....	to United States.....	\$4,166	952
France.....	to United Kingdom.....	£ 557	1,322
	to United States.....	\$3,351	
Italy.....	to United Kingdom.....	£ 477	854
	to United States.....	\$1,648	
Russia.....	to United States.....	\$ 193	
	to United Kingdom.....	£ 561	725
	to France.....	£ 575	
Belgium.....	to United Kingdom.....	£ 103	
	to United States.....	\$ 375	252
	to France.....	£ 3,027	
			£4,195

It will be appreciated from these figures that the debt owing by the United Kingdom was entirely incurred by the United Kingdom in financing France and Italy during the war. There is an absolute determination of the British people to pay the whole amounts they owe at the earliest possible moment, but I will not hide from you the fact that this is going to strain the resources and the courage of the British people to the very utmost.

The new situation which has been created is that your country for the first time is the great creditor nation of the world. There are two kinds of debts owing—those which relate to pre-war debts, and which may be

looked upon as for productive purposes, and those which were incurred entirely on account of the war and were not productive but destructive. These figures today have been merged, but it is well known that the bulk of the amounts owing were unfortunately incurred for destructive purposes. There is only one way in which the debts and this

### Who Balfour Is

**ARTHUR BALFOUR** is one of the great steel men of England. He made a trip to America recently in the interest of the fine steel makers of his country who saw in certain proposed tariff schedules before Congress a danger to their industry.

After his name in "Who's Who" is the announcement that he was Master Cutler of Sheffield and that he is a member of many scientific and commercial organizations. His firm is Arthur Balfour & Co., Ltd. As to his knowledge of this country, it is chronicled that he came to the United States when he was eighteen and spent four years "at the New York Car Wheel Works, Buffalo, N. Y., where he was made manager at the age of twenty-one."

THE EDITOR

reparation money can be paid, and that is by vast and continuous efforts on the part of the people of the country who have to pay, and a great increase in productive capacity per head of population. There must be more strenuous labor, aided by improved methods, of production and organization. The only other alternative is a great reduction in the standard of living. It is the common interest of all the countries not to impose such burdens on any nation, even those who are directly responsible for the greatest wrong which has ever been imposed on humanity, greater than that nation is able to bear, or such as would reduce their standard of living to a very low point. It is highly detrimental to the world as a whole that the standard of living by coercion of this kind in any one or more country should be reduced to so low

the war, while most other countries were unable to keep pace with our production. It naturally follows that we are in a state of suspended animation while the other nations of the world endeavor to catch up and counterbalance our vast production. They can hardly hope to do this in the form of manufactured goods alone, but they must do it in the form of agricultural products, tropical and semi-tropical products, and services. This state of things was bound to cause dislocation of trade, and the surprising fact is that the exchanges of the world have begun to regulate themselves as quickly as they have.

If you examine the exchanges of the day, you will find that in every country where the government is reliable, and where the people can be trusted, there has been a steady and marked improvement. Only in those countries where the governments are not stable and where there is doubt as to bargains which are made being honestly kept does the exchange remain in a chaotic condition. There is no royal road to sudden improvement in exchange; it depends in the first instance entirely upon productive and honest work; in the second instance on the faith and integrity of each individual nation.

No conference of any kind will adjust the exchanges of the world! I am of the strong conviction that the less politicians and governments have to do with attempts to adjust the exchange the sooner we are likely to reach a safe and steady basis on which we can trade. It cannot be said that the war debts of themselves have been detrimental to exchange as, up to the present time, with the exception of a certain amount paid by Germany in the way of reparations, there have been no very substantial payments made which could have caused vast fluctuations in exchange. The moment that the countries of the world have an excess of revenue over their expenditures, and boldly face the deflation of their currency which has been inflated owing to war conditions, this, together with energetic production, will result in gradual and permanent improvements in the exchange which we are all so anxious to see brought about.

When we consider the enormous liquidation of war stocks which has taken place in every country, is it to be wondered at that industry and commerce have been vastly disturbed? In Great Britain alone in the past two years the government has disposed of £700,000,000 worth of war stocks, a quantity of material which closely approximated the total exports of Great Britain in some of the pre-war years. I am glad to be able to tell you that these war stocks in all the countries in Europe are now being gradually absorbed and disposed of, and the way is being made clear for the production of new material, which, I believe, will shortly be required for real and immediate use.

I am able to report to you many distinct and hopeful signs in Europe, and particularly in Great Britain, of a real return to gradual prosperity. We have had, as you know, vast labor disturbances in England, and so long as the government interfered between the employer and the employed no settlement has ever been reached which the particular industry could support from an economic standpoint. It is an impossible situation, for a government which depends on votes, to endeavor to adjust wage questions between employer and the employed, and the Government of Great Britain has now realized this fact and has definitely stepped out of the arena. The consequences are that wage adjustments are now taking place on an agreed basis between employer and employed, and

a point that it would result in such countries producing goods through low rates of wages at a cost which would fundamentally injure the export trade and the well-being of other countries. At the same time, in some countries the standard of living has reached such a point where it contains so much of luxury that the only way in which it can be maintained is by a vastly greater production and vastly greater individual effort than we have seen in recent years.

One of the great difficulties in the way of free trading today is the question of exchange. Great Britain and the United States produced goods in enormous volume during



on the basis of what industry can pay to enable it to carry on and produce regular work for those employed in it and find an economic sale for its product. This has had very remarkable results. In the case of the coal trade, the production of which was in a lamentable condition as a result of war conditions and political interference, the output has risen not only in the total number of tons produced, but the output per person has risen 20 per cent in the last six months. This being a basic industry on which all other industries depend, it is having very far-reaching consequences and is infusing new hope into many industries which were staggering under the strain that had been imposed upon them.

Apart from this, all the highly placed trade unionists in England have come to realize that the policy of advising their members to do the least possible amount of work for the maximum wage which they could squeeze out of the public is fundamentally wrong, as it has resulted in driving trade away from the country. The other great advance towards real production of goods at a price at which they can be sold is the fact that the trades unionist has now realized that to use his funds for political purposes and what is known as direct action—namely, a combination on unions to menace the life of the community—has proven to be a total economic failure. The community in Great Britain has been challenged on one or two occasions and has taken up the challenge as a whole, with disastrous results to the trade unions concerned.

We, in Europe, believe that there are sound and desirable functions to be per-

formed by a properly managed trades union, but in recent years the management of these unions has fallen somewhat into the hands of bolshevists and communists, largely due to the fact that they were able, during the war, by political pressure to obtain concessions which they could use as a lever for their retention as leaders. All this has not ceased, and it is surprising how the man in the street is now beginning to realize the real economic basis on which his employment depends and is now insisting that sound conditions should be put into operation at the earliest possible moment, and is prepared, as the employer is prepared, to make all the necessary sacrifices without the long-pitched battles in which politics and wages have unfortunately become confused. It is now realized that the only arrangements which can last are voluntary arrangements between employer and the employed, and not those imposed upon them by the government or any other third party.

There has been a considerable fall in the wholesale prices throughout Europe. Unfortunately the retail prices have not fallen as rapidly in comparison with the wholesale figures. In this connection the diagram which was produced by Mr. Ayres of Cleveland has been helpful in Europe, and it has brought home to the public in England the fact that on two previous occasions, namely, during your Civil War and the Napoleonic Wars, wholesale and retail prices did reach the same high figures as during the present war, and this diagram also gives some indication of the rate of fall which we may expect before we reach normal.

We are finding it necessary in England to

bring considerable pressure to bear on the retailers to make the reductions which they can well afford to make, as it is not reasonable to expect the workers to submit to the reductions in wages which are inevitable when their cost of living is being artificially maintained. This is a condition which is causing anxiety in most of the European countries, but it is gradually adjusting itself. The index figures for Great Britain are showing that the fall is proceeding at the rate of from 5 to 8 points per month, and this very steadily.

Unemployment is still very general throughout Europe. Perhaps the greatest sufferer of all is England, owing to the fact that we manufactured on such a large scale during the war that the adjustment between our trade and that of other countries must still take some time. There are still over 2,000,000 people unemployed in Great Britain.

The consequences of unemployment and the economic conditions created by the war have caused in every European country panic legislation by the governments concerned, which has very frequently taken the form of high tariffs. Some of these tariffs are now in operation, with disastrous results. They have not cured the unemployment question at all; in fact, they have rather accentuated it, and public opinion is now swinging around gradually to the removal of all possible barriers, in the realization that in this way alone can the ordinary channels of trade be successfully opened and steady employment found for the people. Probably the greatest result which might have been produced from this war would have been a decision of the Supreme Council in Paris to go in for



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Desolation at an English port during a dock strike. Great Britain, like the United States, has been heavily taxed by labor disputes. Mr. Balfour says that the attempts of the British Government to

arbitrate were unsuccessful because the Government depended on votes and that successful wage adjustments are now taking place between employer and employed without official interference.



world-wide free trade. It would have meant dislocation in certain countries, but nothing would have more quickly adjusted the confusion into which the trade of the world has been thrown.

There have, as you know, been many conferences in Europe, the most satisfactory result of which has probably been that the statesmen of the various countries have got to know one another personally. They have also held out some hope for readjustment from time to time, which has carried the people of the various countries along through difficult periods. The actual results from such conferences have, on the whole, been disappointing, the only conference which has really accomplished something tangible being the Washington Conference, which was so admirably handled by your Secretary of State, Mr. Hughes, and which met for a specific purpose.

### Disarmament—and Sheffield

I NEED hardly tell you that while the conclusions arrived at, and the agreement made, hit the town of Sheffield, from which I come, very heavily—as we have three firms at least from whom you can order a complete battleship—at the same time we recognized that the time to reduce armaments had come, and that no country could afford to spend its money on unproductive things such as battleships, but would require the whole of its capital for production, and later on for the expansion of trade which surely must come. We are anxious to see the United States taking part in some of these conferences, as we are convinced that your help will be necessary if we are to disentangle the many twisted skeins in Europe.

I now come to some consideration of the situation in Germany. The deliberate policy of debasing their currency, which has been consistently followed there, while it has had certain beneficial results, is now leading the nation into chaos and disaster. To indicate to you how far this debasement went, in the week ending September 30, 1921, the German Government printed notes to the face value of double the entire issue in 1914.

The greatest difficulty which the manufacturers of Germany have to encounter is the purchasing of their raw materials abroad. It was the United States, England, France and Italy, who largely helped them out of this difficulty by speculating in marks when they were from 150 to 350 to the pound sterling. The foreign currency so purchased was left in the various countries where it was so speculated and has been very cleverly used for the purchase of raw materials. This money is now practically used up, and the Germans are face to face with the real facts and are finding it impossible to purchase the raw materials they require to carry on their trade. I can cite to you an instance where they purchased £50,000 worth of material in England, and the transfer of the requisite number of marks raised the exchange 100 points, or five times the pre-war number of marks which purchased one pound sterling.

The bogie of German competition all over the world has been run to death for political and other purposes. It was inevitable that in the beginning the Germans, who manufactured for depreciated paper and sold for gold and had such urgent necessity to work, would be serious competitors for the world's trade. Quite apart from the export trade which Germany has done, which has not been nearly as great as has been advertised, there has been a fictitious trade going on within the German Empire. The people have no confidence in their own currency

and have been doing everything they could to convert the currency they own into tangible objects. This has created a false internal trade, which is on the verge of the most terrible collapse.

Attempts have been made by some countries to shut out German goods. This, in my opinion, was an entire mistake. In the first instance, as Germany has to do some export trade, it was much better to let her spread this trade normally over the world rather than to enforce her to control specific markets. In the second place, if she is to pay reparations she can only do so by trading, as only in this way can she secure currency which would be acceptable by the Allies. But beyond even these considerations, the 80,000,000 people contained in the German Empire before the war were large consumers of various goods and tropical and semi-tropical products, and unless they are again in a position to purchase their quota of these things the trade of Great Britain and the United States with India, Africa and Australia must be restricted because these countries have not been able to sell their products to Central Europe.

Any direct attempt to prevent Germany trading can only act as a boomerang and prevent Germany paying what she owes. There need be no feeling that the German people are going to escape the consequences of their act in creating the war. Their awakening is bound to be a sad one. It may be possibly postponed another six or eight months, but already we see that they are forced through economic circumstances to increase their export prices. We are finding that in certain European countries they are now unable to compete with Great Britain, and if we do not allow Germany to trade, in fact, if we

do not insist that she trade, the Allies will most certainly bear the whole cost of the war—that is, pay the reparation which we believe is so justly due to Germany. It is equally true, however, that neither the debts owing by the Allies to the other nor to the reparation money paid by Germany can be paid with safety unless payments are spread over a very considerable period. The trade of the country receiving such large amounts would be bound to be jeopardized and, whatever artificial barriers might be created, the result would be unemployment and hard times from an economic point of view.

I have sketched you as briefly as I could the conditions which exist. I can say to you that in England certainly, and in some of the other countries, we have seen the worst. We are reaching economic conditions where trade on a proper basis will again be possible, and I am very hopeful that before the end of the year trade will begin to flow in its normal channels, and the disastrous unemployment from which we are suffering will gradually pass away.

I cannot conclude my remarks without saying to you, as frankly as possible, how imperative it is that you and we, the great Anglo-Saxon people of the world, should not only stand together but work together, with the greatest possible harmony for the reconstruction of Europe. It is not alone the reconstruction of Europe which, whether we like it or not, has been placed upon Anglo-Saxon shoulders, but the whole peace of the world depends on us and is our natural heritage, and we must assume the burden and face our responsibilities together. Without complete cooperation of America and Great Britain there can be no permanent peace in the world, and no happiness for its people.

## Conditions in the Netherlands

By J. C. A. EVERWIJN

*Minister of The Netherlands to the United States*

IN OUR country wages have gone up in the last few years according to the higher cost of living and although the retail prices are going down as they have all over the world they have not so much fallen as the wholesale prices and the wages are still on a higher level. The increase of wages has caused a tremendous increase of the expenses of the government and of the municipalities for which increase the factors of importance also were the considerable expenses for allocations to unemployed and for providing houses as the housing problem in our country is a very serious one.

So it came that although Holland is not a militaristic country and does not keep a big army nor a powerful navy the budget of the Government arose from about 238 million guilders in 1913 to 938 million guilders in 1922 and the total of the budgets of the municipalities rose from 279 million guilders in 1913 to 850 million guilders in 1918. A later figure is not available for me at this moment but I think that it will not be very much lower now. This big increase of expenses created a tremendous increase of taxes, for we think it necessary that budgets must be balanced, and so at this moment the man with an income of not more than \$4,000 pays more than 27 per cent on income tax to the Government and to the municipality. As we have very strong progression in our taxes in Holland it is easy to understand that the

people with big incomes pay much more.

Now being in this situation what would be the standpoint of a Netherlander with regard to the reconstruction of Europe? I say as a Netherlander because here I am talking simply in that quality and not as a representative of my government.

The first wish, of course, is to have the taxes cut down but this is a rather internal affair. It may be that the cutting down of government expenses all over the world would help a great deal toward reconstruction.

With regard to the foreign competition, there are two currents in our country, one wishes the government to take measures to restrict importation and the other one is opposed to that, being convinced that, should even restriction of importation foster the sale of home produce on the home market, export could not be helped by that, and the lack of export and the low prices which only could be got for exported products should make impossible amelioration of the general conditions in our country.

They think that an issue must be found not on nationalist but on international lines, that one country cannot be healthy when the others are sick and that for the health of the other countries much cannot be expected from partial measures but from restoration of sound conditions necessary for production in every country and removal of all unnecessary restrictions for the traffic between the different countries.



# Genoa, Clinic Not Conference

By FRANK A. VANDERLIP

*A Special Cable Dispatch Read before the Annual Meeting of the Chamber of Commerce of the United States*

**G**ENOVA, May 17.—Genoa is more a clinic than a conference. It has exposed the variety, nature and extent of the diseases from which Europe is suffering, but it has performed no surgical operation nor has it administered any important dose of medicine. Officially it was not permitted even to examine the most serious diseases. Nevertheless, unofficially their nature has come to be more clearly understood.

The diseases of fantastically excessive reparation claims; of excessive military expenditures causing inevitable unbalanced budgets; of boundary lines that outrage economic and ethnical principles; of interest and governmental debts so vast as to destroy the hope of solvency—these diseases could not be officially studied and diagnosed. The disease of the economic isolation of Russia having a population equalling nearly one-tenth of the world has been exhaustively studied only to be referred to further study by the Hague Commission.

Owing to the prohibition on discussing more important subjects, the immediate economic significance of Russia has been absurdly emphasized. Under the most favorable agreement conceivable with Russia that country would not be able to make any important contribution to Europe for several years. An agreement with Russia, when obtained, will for a long time only furnish an opportunity to send goods on credit. Little or no Russian production can be returned in exchange for several years.

The financial resolutions adopted are sound but for the present necessarily ineffective. They declare the stability of currency value a requisite for economic reconstruction. That is impossible of accomplishment while budget deficits persist. Balanced budgets must await reduced military expenditures. Disarmament could not be discussed here, but must be before budgets can be balanced. Therefore, reduced military expenditures are a prerequisite to stabilizing currency.

The plan for a London conference of central banks is admirable but not promising of important immediate results. Most central banks are at present in varying degrees of insolvency. The proposed cooperation among central banks so placed is difficult of realization.

American participation in the London conference is highly desirable, but it is important, however, that we should not involve the custodian of our bank reserves in commitments to stabilize European currencies. I believe

that America should study a plan for segregating some of its gold stock to help Europe stabilize her currencies after budgets are balanced. The American gold reserve is so large that it will otherwise invite dangerous inflation. Our Federal Reserve System, however, should be kept free from entangling alien commitments. We might organize a parallel institution to cooperate with the central banks of Europe and thus avoid any unfortunate commitment of the Federal Reserve System.

## Hope of the London Conference

**T**HE financial resolutions favor countries with low exchange, devaluing the currency to approximately its present gold parity. All voted for this, but no nation is prepared to take the lead and to act. We may hope at the London conference to formulate a convention among the central banks for economizing Europe's gold reserves and creating an international clearing system on a gold exchange standard. It is declared that there is no hope of stabilizing monetary units without a coordination of the gold policy of Europe and the United States. The implications of that are that the United States should shape its rate of discount so as to cooperate with the European central policy. Europe would like to see a low American discount rate, inflation and higher prices. America would thus be a better market to sell in and a poorer market to buy in, which would help Europe to balance its foreign trade.

The financial resolutions recommend: First, that governments meet expenditures without a fresh creation of currency or credits; second, that they devalue money units to approximately their corresponding exchange values; third, that they establish the gold value so fixed in a free exchange market; fourth, that they maintain currency at the devaluated gold level by providing adequate reserves of approved assets, not necessarily gold.

It is proposed that central banks may maintain reserves in the central banks of other countries of approved assets in bills, short-term securities or other suitable liquid resources. The participating central banks would then maintain currency at the devaluated level by buying or selling exchange on other participating countries. The central bank convention will thus be based on a gold-exchange standard.

A condition of continuing membership will be the maintenance of the national currency units at the prescribed exchange value, and a failure in that respect is to entail suspension of the right to hold reserve balances in other participating countries. Credit will be regulated with a view to maintaining currencies at par with one another and with a view to preventing undue fluctuations in the purchasing power of gold.

I regard the proposed convention as extremely difficult to work out considering the problems of balancing budgets, cessation of fresh currency printing and deficient foreign exports in certain countries.

It is not worth while detailing all recommendations of the financial, transportation, and economic sections. They are sound, but do not represent unanimously a disposition to put them in force. They are copybook maxims and do not commit to action any more than a schoolboy is committed when he writes a copybook maxim.

It is of more importance briefly to survey the general European situation. In proper perspective as to time and importance Germany is the heart, and the problem Germany faces is financial collapse unless she is relieved from immediate payment of reparation installment and is given a breathing spell.

She must have more than a moratorium on reparations. She requires active financial aid. Only a miraculous combination of favorable circumstances can save her from collapse. Her collapse would be contagious. The real drama, therefore, shifts to Paris. If a loan to Germany can be arranged, the situation can be saved. The prerequisite sound basis for a loan should be the adjustment of reparation payment into a form which Germany can bear. The great political difficulty is getting France to agree to that. The committee meeting in Paris on the 23d is of first-class importance.

Strong statesmanship on that committee might compel a reasonable attitude on the part of France; then arrange a loan. If that is not done, the German situation is critical; royalist plots in Bavaria and significant increasing prices promise a great social hardship which may result in revolutionary outbreaks.

The Russian situation has a more important side to it than oil concessions or terms upon which property belonging to foreigners will be returned. Fifteen million are starving there now; transportation facilities are so completely demoralized that the famine area is likely to increase this summer and involve 30,000,000 by next fall.

The danger is of pressure over the indefinite borders of Baltic states of the famine-pursued Russians; there is also fear of the Red army becoming active, but my personal belief is that the food and transportation back of the Red army are so inadequate that it would not successfully push the campaign of invasion. The Russian sentiment, how-





ever, is reported to be turning more radical.

I have no faith whatever that Russia is sincerely turning towards capitalism and abandoning communism. I believe they continue to maintain a propaganda campaign in other countries.

Capitalistic and communistic orders of society are incompatible. Our attitude of reserve is undoubtedly correct, and the Govern-

ment should have every support. I believe the Government has been eminently wise in its attitude of aloofness towards Russia and its nonparticipation at Genoa.

If the American Government could organize a conference with agenda containing all vital subjects and have frank, complete discussion under our moral learning or moral leadership, it would promise good results.

Conferences without well-thought-out programs are useless. Genoa had no program, contrasting sharply with the Washington conference in that respect. The attitude of the American Government with respect to Europe has been so eminently wise that I feel like trusting the Administration fully and that we had better not embarrass it with suggestions.

# Can Germany Pay and Not Work?

By SILAS H. STRAWN

*Chairman of the Board, Montgomery Ward & Co.*

IN THE lottery of the World War, the United States drew nothing, either in territory or in participation, in the reparations. Our national debt was increased from \$1,190,000,000 to \$25,322,000,000, and we loaned to our Allies sums now amounting to more than \$11,000,000,000. Except in the case of Great Britain, none of the interest upon these loans is being paid. It is running on at the rate of \$1,500,000 a day and thus increases the taxes of our people, levied largely upon the industry and enterprise of our business men.

Although not the beneficiaries of any reparations, we are vitally interested in the subject because it is inextricably involved with the maintenance of peace, the limitation of armament, the foreign debts due us, the restoration and extension of our foreign markets and the prosperity of American business.

France demanded, as a condition precedent to the waiver of her insistence, that there should be a buffer state between her eastern frontier and Germany, that the United States should (a) be a party signatory to the Versailles treaty, (b) be a member of the League of Nations, and (c) join with Great Britain in a separate agreement to come to the aid of France against further unprovoked attacks by Germany.

Our representatives at Versailles agreed to these conditions, but we ratified none of them. Thus France says she has no alternative but to protect herself by maintaining a large army.

The inconsistency of France's position is her demand for the maximum of reparations with the minimum of industrial recovery in Germany. This is an economic impossibility.

All agree that Germany can never compensate for the awful loss of life and suffering she inflicted upon the world, but that the German people should be required to work hard and live frugally for generations that they may pay to the utmost of their capacity for the damages they have wrought.

The great problem is not only how much Germany can be made to pay, but how much and how fast can the Allies afford to take.

It is difficult to face the fact that in imposing a just penalty upon the aggressor we may thereby do the injured a greater harm.

Germany says she has no way to pay the indemnities except by her labor; that to meet the amounts fixed by the Reparations Commission she must increase her exports far beyond any pre-war level; that to do this, the markets of the world must be opened to her; that she must have credit for raw materials; that she cannot obtain credit; that it would be better for the Allies greatly to reduce the amount demanded than to destroy the trade of all other industrial and commercial nations by this intensive competition.

That the payment of reparations by Ger-

man goods would reduce the exports of other nations is undeniable. Already antidumping barriers have been erected.

Furthermore, if Germany exports enough goods each year to pay the reparations, she reduces her capacity to buy goods of other nations by that much. Every nation must appreciate the necessity of permitting Germany to use at least a portion of her exports to buy imports, if the trade of other nations is not to be seriously impaired. France seems unable to realize the force of this argument and evidently regards her 52 per cent of the reparations, or 68,640,000,000 gold marks, as a good asset.

## Restoration in France

IN this connection it must be remembered that France has already expended 90,000,000,000 francs in restoring her devastated regions and that she has received nothing from Germany except the small payments in kind.

Conscious of this and of the fact that without the German payments she cannot balance her budget and is probably bankrupt, France seems still to be hoping that in some way she may compel payment or in default she may take the Ruhr and dismember Germany.

No one can tell how much Germany can be made to pay. We should not measure her ultimate ability to pay by judging her condition at its worst.

The amount of reparations and the time of payment is left to the commission under the treaty. Because of our vital interest in the matter, the United States should be represented on the Reparations Commission.

The point at which Germany may collapse financially is as difficult to determine as is the time when she may blow up industrially. Careful observers have said that the workers of Germany and Austria have not become bolsheviks during the last year only because bolshevism is a failure in Russia.

The safest insurance against chaos in Germany is to keep her on a production basis. To do this her workers must be allowed to earn a living wage. They will not be content when, as they said last summer, a French soldier stands by their side demanding all their wages. The collapse of Germany financially or the destruction of its present government by bolsheviks would be a disaster awful to contemplate.

We frequently hear that this country is the richest and most diversified in resources of any on earth and that, stretching as it does from the Arctic Ocean to the Isthmus of Panama, the opportunities to prosper from our domestic trade are unlimited; that the percentage of our foreign trade is so relatively small as to be negligible; that we can easily isolate ourselves and "live on our own."

To the members of this Chamber no argument to demonstrate the fallacy of that proposition would seem necessary. During the past fifty years, and more intensively during the last thirty, the productivity of the industrial nations of the world has increased enormously. Especially is this true of Great Britain, Germany, Japan and the United States. This industrial growth was made possible only by a corresponding expansion of markets.

Every day ships leave our ports carrying in their holds the products of our agriculture and manufacturers consigned to every civilized country under the sun. Returning, these same ships bring back to us raw materials or manufactured goods which we cannot produce at all or else in quantities insufficient to satisfy our needs.

More than one-third of the people of the United States live upon farms or are dependent upon agriculture. Their prosperity depends not so much upon the amount which they produce as upon the price which they receive for their products. While to a certain extent the price is influenced by domestic demand, the foreign demand is the determining factor. This is as true of the United States as it is of Great Britain or any other large producing country.

In proportion to the reduction of the price of farm products is the purchasing power of the farmer diminished. The inability of the farmer to buy ramifies through every industry and embraces every article of human consumption.

For a hundred years our whole economic development has been adjusted to meet a continuously increasing foreign trade.

On account of the war the productivity of our industries was enlarged to such extent that it has been authoritatively stated we can now turn out as much manufactured products in seven months as we could turn out in twelve months before the war. We cannot now persuade our manufacturers to gear down the machine to pre-war capacity. We must expand and progress. We cannot go backward.

To isolate ourselves and cut off our foreign trade would result in such intensive competition as to precipitate an economic panic in this country the like of which has never been seen.

The reduced purchasing power of the European nations directly affects the foreign demand for our products raw and manufactured. It is said that the buying power of more than 300,000,000 people in Europe is reduced to 25 per cent of what it was before the war.

While our prosperity demands a favorable balance of trade, it is equally true that the maintenance of a large volume of imports by us is as essential to our progress as is the



maintenance of a large volume of exports. The European nations cannot continue to purchase our goods unless we purchase theirs. They cannot purchase our raw materials unless they have credit. They cannot establish credit until there is peace. There can be no peace until the reparation controversy is settled. Until then they will maintain large armies, and until they reduce the armies they cannot balance their budgets. Until they balance their budgets they cannot stabilize their exchange.

The reasons why the reparations are related to American business may be summarized as follows:

1. The world is an economic unit. All the leading commercial and industrial nations must cooperate in the solution of those problems which are international.

2. The reparations is an international problem affecting the peace and the prosperity of every nation. The reparations and the inter-allied debts are inextricably involved and must be settled as one economic problem.

3. The debts owed the United States cannot be paid in gold. We already have too much of the world's supply of gold. They can only be paid in goods. So with the reparations.

4. Inasmuch as the payment of the reparations vitally affects our trade and our finance, the United States should be represented on the Reparations Commission.

5. How can there be any solution of any international problem unless all the nations interested participate?

The responsibility of solving the many international economic questions now confronting the world and the restoration of normal conditions of trade and finances rests not upon the governments but upon the people, upon the business men and bankers of the various nations. Practical men who have spent years of intensive study in the building up of business and financial institutions know best how to restore the world's economic balance. Political leaders must bring about confidence in the stability of the governments of the European nations, but the real work of rehabilitation must be done by the people themselves.

The efficiency of the government of any country depends upon the intelligence and vision of its people.

The reports of the Genoa conference indicate the European economic situation is

critical. It is apparent that the European countries cannot start the machinery to make the world function again, as a going concern, without our cooperation.

Their attempt to settle the economic troubles of Europe at Genoa without our presence is as futile as to try to rearrange or adjust the affairs of an individual bankrupt in the absence of his creditor.

When and where we shall engage in another conference with the European nations and where and on what terms we shall recognize Russia as a nation may be left to the judgment of our President and his Cabinet—to such strong, courageous and patriotic men as Secretaries Hughes, Hoover, and Mellon.

It is the function of such organizations as the Chamber of Commerce of the United States to educate the people of this country to think internationally, so that when Congress may be asked to authorize the participation of the United States in the solution of international problems, the members of our national legislature may act as becomes the representatives of "the richest and most progressive country on earth."

# How Europe's Plight Affects Us

By DWIGHT W. MORROW

*Of J. P. Morgan & Co.*

WHAT relation does the financial rehabilitation of Europe bear to American business? That is the question your president has assigned to me for discussion this morning.

What does "financial rehabilitation" mean? My dictionary tells me that the strict meaning of "rehabilitation" is "restoration to a former status." Now, that doesn't happen very often upon this earth. Few things in life are ever restored to a former status. We may—I think we will—get back some day to a stable Europe, with an orderly financial system, but we have little reason to expect that it will be the same Europe that we knew in 1914. It is not easy to tell what kind of a Europe it is going to be, but I think we have moved far enough away from the war to realize that some of the dire predictions that were made three years ago have not been fulfilled by the events. For instance, we heard a great deal about the permanent abolition of the gold standard. We do not hear so much of that at the present time.

England during the past two years has handled her budget so rigorously that intelligent people are looking forward to a full resumption of specie payments in England within a short time. In both France and Italy the unit of currency has tended to become stabilized. To be sure, the paper franc and the paper lira are selling substantially below the par of exchange, but the fluctuations from day to day and from month to month are not as violent as they were two years ago. Merchants are now better able to estimate what foreign currencies are worth when measured in the currency of their own country. I am speaking only of the countries of Western Europe. The information from Germany, from Middle Europe and from Russia is still too meager to enable students of financial conditions to form definite conclusions.

How will the financial rehabilitation of Europe help America?

I think the answer to this question must largely depend upon how much our commercial depression has been due to the financial chaos in parts of Europe. It is too often considered that all of our troubles are due to the failure of portions of Europe to recover financial equilibrium. But this is by no means true. The depression in the United States and in England has been due in large part to the fact that a great emergency demand for goods in 1919 led to unsound expansion. With the disappearance of the emergency demand the temporary prosperity passed away, and for the past two years the world has been working back through much pain and travail to a readjustment of values.

Two years ago our thoughts were all on the high cost of living. Then the reduction of price came. This reduction helped the consumer, but hurt the producer. Inasmuch as every man is both a producer and a consumer he has to balance off his gain in his capacity as a consumer against his loss in his capacity as a producer, and, as in every economic readjustment, the net loss or net gain has fallen unequally upon different classes.

Under the present organization of society, where large-scale production is the practice in every civilized country in the world, our foreign and our domestic trade are so inextricably bound together that no man can tell how much of the domestic trade that he engages in is a part of the processes which go into our foreign trade.

The most arresting economic fact in the history of the last one hundred and fifty years has been the widening of the areas of exchange by the increased means of a communication. One hundred and fifty years ago the work of any one man would affect only the few people in the neighborhood. Almost everything that man consumed was produced close to his home. With the coming of the railroad and the steamship and the telegraph and the telephone our economic

areas have kept growing wider and wider. Our foodstuffs are no longer produced in the community in which we live; the product of our own labor may go to the remote corners of the world.

As an illustration of the great change that has come in one hundred years we may recall that in the fiscal year ended June 30, 1921, this country exported goods to the value of over six and one-half billions of dollars and imported goods to the value of more than three and one-half billions. One hundred years ago, however, the exports from this country were only about \$70,000,000 and the imports were about \$75,000,000. That is to say, in the last one hundred years, while our population has increased tenfold, our exports have increased ninetyfold and our imports fiftyfold.

This great expansion growing out of the division of labor affects the lives of us all. Increased means of communication and large-scale production have made this wide interchange of goods possible. New machinery, advanced methods and communications have enabled raw materials and manufactured goods to be produced in great quantities and sent far and wide over the earth.

But large-scale production has not eliminated cycles in business activity. Some people think that it has increased the frequency of these cycles. In the old days, when the economic areas were small, when the means of communication were scanty, if a drought came in one section the mortality in that section was almost unbelievable. The rest of the world was practically without knowledge of the misery of the afflicted region. It is hard for us to appreciate that in the fourteenth century two-thirds of the people of England, and one-fourth of all the population of Europe, died of the Black Plague, a disease attributed to undernourishment.

The business cycles—while falling less intensely upon particular regions—are now likely to spread over greater and greater



areas. If a collapse in prices starts in Japan in the spring of 1920 it soon spreads over the whole world because of the close interrelations of the great commercial nations. As a matter of fact, it is amazing that what we regard as overproduction does not come oftener than it does. Most of the processes of large-scale production extend over long periods. It is therefore necessary for every business man to determine, not the needs of a particular customer into whose face he can look, as was the custom with the individual dealer who made goods to order one hundred years ago, but he must guess from the best data available just what customers and how many will come along at the time his goods are ready for delivery.

The man who is making goods, whether they be shoes, or textiles, or steel products, must make the best estimate he can of the demand for his goods. That estimate influences his plans for plant extension; it determines the volume of his inventories. Some of these estimates are made by careful study. But all human beings are fallible and men are prone in times of optimism and rising prices to overestimate the period during which the demand will last. And in times of pessimism and depression they fear that the ordinary consumption of goods will never begin again. Moreover, when a great upheaval like the World War occurs, the plans of all people are rendered useless.

What lesson can we learn from it all? The great majority of the people of this earth are sober, industrious people, eager to do

their part in life in return for what life gives them. They are not gamblers, they are not speculators; they want to eliminate as much as they can the element of speculation from their business. If the real facts of large-scale production can be thoroughly understood it will be readily recognized that there are inherent risks that no human foresight can entirely eliminate. Those risks, however, can be rendered less burdensome if men will only accept the teachings of past experience.

The overproduction of goods of any particular kind, the maladjustment of production and prices brought about by the war and by the boom that followed it, will pass away by the operation of the same natural forces that have operated in such periods in the past. It is the business of sober and reasonable men to remember that in times of optimism men are inclined to think that a period of depression will never come, and in times of depression men of inexperience are inclined to think that there never again will be an adequate demand for goods. In good times, when there is 5 per cent more demand than supply, that 5 per cent is apt to look like 500 per cent. The same thing is true of bad times. When there is 5 per cent more supply than demand, that oversupply is apt to look like 500 per cent. With courage, with patience, with tolerance, this great country with its manifold activities should soon pass through its period of depression. In fact, the signs are many that we are already upon the upturn.

are of a kind to inspire confidence, the necessary aid in the form of extensive long-term credits will be limited.

It is especially to the United States, the country possessing the greatest financial strength, that would-be borrowers abroad are looking today. It is realized that in no other land can be found capital resources in the volume required for the task of setting the European financial and economic house in order, and the attitude in the United States has been mainly one of watchful waiting, although loans of considerable amounts have already been made in countries where it is believed that the political or moral risk is good.

### Protecting American Interests

THE administration has taken the stand that American financial assistance should not be extended for purposes which are inimical to the welfare of the United States. To this end the Government has requested that any financial institution contemplating the granting of a loan to a foreign country first consult the State Department in order to make certain that the purpose for which the loan is to be issued will be in harmony with what the Department considers the best interests of the nation as a whole. The position of the Government is that these loans should be for purposes of rehabilitation or industrial development, rather than political or militaristic activities, or for balancing budgets.

Where the proceeds are spent is irrelevant to these objects. It is not necessary to our economic prosperity to stipulate invariably that the proceeds of foreign loans be expended in the United States. It has been the custom in the past, however, a custom which will undoubtedly be adhered to in the future, that so far as is feasible, American industrial interests are favored when the loan negotiated is treated as a unit with a contract calling for the construction or improvement of public works.

As a nation we shall be benefited greatly by the economic rehabilitation of the recent belligerents and from the establishment of modern means of industrial development in the "new" countries of the world, for it is good business to lend to a rapidly growing economic unit. It is, therefore, manifestly an unwise and short-sighted policy to frustrate these ends by forcing the borrowing nation to buy in the American market when there may be offered the possibilities, for the moment, of cheaper foreign markets. Furthermore, if American producers can compete as to price with other producers they will get their fair share of business; while if they are not in a position to compete on this basis, a restriction requiring the expenditure of the loan proceeds here would, in fact, be requiring the borrowers to buy in a more expensive market.

The floating of foreign loans in this country, even if the proceeds are used for other purposes than to buy manufactured products, should benefit American manufacturers ultimately because such transactions tend to improve foreign exchanges, the discount on which, in relation to disparity of relative price levels here and abroad, has been an important factor in restricting foreign purchases of our products.

It is probable that the exports of a lending country, in the long run, are increased no more by the compulsory expenditure of the loan proceeds in the lending country than they are when the borrowers are free to buy in the cheapest market. With such a restriction, the transfer of the borrowed funds within the lending country in payment for goods

## What May We Expect?

By FRANCIS H. Sisson

*Vice-President, Guaranty Trust Co., New York*

WE ARE awakening to the vital fact that any comprehensive consideration of the American business situation involves a review of world-wide conditions. But in deference to our deeply ingrained habit of thought, it is advisable in examining the trend of the business world to begin with a brief scrutiny of business in the United States.

Broadly speaking, there has been a decided trend toward slow but steady improvement for several months, and despite the continuance of certain adverse factors, the business outlook is decidedly more promising than at the beginning of the year.

It may be well to reiterate, for the sake of emphasis, that this country is ready to proceed gradually toward general prosperity. But let us remember, in this connection, that despite the fact that the United States is nearer to economic independence than any other country, we cannot enjoy the full measure of prosperity until the situation abroad is vastly more favorable on the whole than it is today. Notwithstanding that our foreign trade may be only one-tenth of our total trade, it is, or should be, patent to every keen-minded American business man that our national economy is intimately related to the remainder of the world.

Despite the bad political outlook in Europe, the economic situation there is improving. Considering the colossal disruption of economic conditions in Europe as a result of the war, the progress made there during the last three years is nothing short of amazing. And, in our impatience to return to normal business conditions, we should not fail to accord due credit to that and not demand a miracle. Let us not forget the

long period required by us to recover fully from the blighting effects of our Civil War.

The economic rehabilitation of Europe can be accelerated. The key to the accomplishment lies in the solution of the credit problem. The most casual review of the recent financial record of the European nations discloses the fact that they have suffered every variety of disaster adverse to the preservation of their credit. These disasters have included enormous capital depreciation, unparalleled increase in funded debts and of promises to pay, represented by currencies no longer supported by reserves of gold or silver, impairment of industries through the destruction of plants, losses by war of trained personnel in industry and commerce, and very heavy reductions in the volume of both domestic and foreign trade. The benumbing effect of this credit situation upon commerce in Europe is felt today throughout the entire world.

All the numerous credit plans advanced have been largely checked in their development by the political and credit obstacles which lie in the path of any action on the scale required by the necessities of the situation. Every scheme which is presented implies a very heavy draught upon the confidence of investors in the character of the political purposes and practices of the borrowing countries.

It is recognized that in all those distressed nations there are laborious and thrifty populations, and that all the necessary organization for active production and trade is available. All of these, however, are to a large extent at the mercy of political influences, and until the world sees that these influences



purchased entails no necessary effect upon the dollar value of the currency of the borrowing country; whereas, if the borrowed funds are exported, either as gold or through the medium of purchasing foreign bills, dollar exchange will tend to be cheapened in terms of whatever currency is purchased. This, in turn, will enhance the purchasing power of our potential foreign customers. Relief to foreign purchasers resulting from this cause is likely to be a greater stimulus to our export trade than is represented by the compulsory spending in this country of the proceeds of specific loans. And the beneficial effects are more widely felt.

It is significant that American business enterprise, as well as American money, is beginning to invade the European industrial field on an increasing scale. Only a few days ago there was announced the closing of a deal by American banking and public utility representatives for the purchase of extensive interests in Northern Italy, to cite only one recent instance of such activity. It was reported that the investment in question would involve between \$25,000,000 and \$50,000,000. Negotiations are pending for extensive investments in Europe by other

American interests, and the next few months will probably witness a considerable expansion of this character.

It has been hoped—seemingly in vain—that the Genoa Conference would find ways to reestablish confidence in the political stability of the participating nations and strengthen the belief that those economies in government and reforms in finance that are absolutely essential to the rehabilitation of the national credit would be carried out. With the growth of faith in such renewed stability there will follow a gradual extension of the financial aid which for the last three years has been so rigorously restricted.

It would seem advisable to have the Federal Reserve System represented in any general conference of representatives of central and state banks of issue for the consideration of means of restricting paper currency issues.

The representation of the United States by competent bankers and economists at a conference in Europe to provide for the mobilization and distribution of international credits would likewise be desirable.

The United States would share in the benefits, commercial and industrial, resulting

from a restoration of an effective gold standard abroad. But revaluation of some foreign currencies formerly on a gold basis seems to be the only alternative to complete repudiation.

An international currency will not provide a means of overcoming existing exchange difficulties. The fundamental factors in exchange stabilization are economic. In the last analysis, therefore, permanent stability of a currency's exchange value will be reached by way of restriction of currency and balancing of budgets, resting in turn upon the ability of particular governments to raise sufficient revenue. Capital levies do not really solve the problem. It is the share of current national income, not of accumulated capital, that the state can require which counts. No permanent substitute can be found for productivity and thrift.

Whether willingly or unwillingly, we must grant liberal extensions of time in the payment of the bulk of debts due the United States Government by foreign governments, or continue to forego receipts. Fortunately, what must be will also be advantageous to ourselves as well as to the debtors.

# Europe, the Farmers' Market

By JAMES R. HOWARD

*President, American Farm Bureau Federation*

THE FARMER has a greater direct interest in European conditions at this time than has the merchant or the manufacturer or the banker. They all have other trade fields to which they can turn. The farmer has none other. Europe is the sole customer for our agricultural surpluses, the disposition of which is vital to every American industry. While she is the farmer's customer, she is the manufacturer's competitor. South America, India, Africa, Australia, which are open to the industrial trade of the United States, are the competitors of the American farmer in the European markets.

A shrewd business firm is always interested in the welfare of its customers. The fewer the customers the more solicitous the management. Since the farmer has but the one customer, it becomes exceedingly important that our trade relationships with Europe be maintained upon such a reciprocal basis as will enable us to keep open our European markets. So keenly do the farmers of the country realize not only our moral obligations to Europe in time of their distress but our own economic dependence upon their welfare that we insist upon such liberal grant of credit as can be safely accorded them and object to any tariff barriers which would prevent an easy flow of world commodities.

The war, in fact, has reversed our whole aspect of agricultural economics. The middle of the nineteenth century marked the beginning of our great national expansion of both agriculture and industry. Machinery made it possible for one man on the farm to accomplish the work of ten. It not only required factories to build the machinery, but increased agricultural production created raw materials for other factories of every sort and description.

Thus was begun our great era of agricultural and industrial development, and with it necessarily came new lines of transportation for the conveyance of the products of

farm and factory to their consumers in all parts of the world. These new enterprises required capital, and since we were a young nation it was necessary to go to the older centers of Europe for this capital. We thus became a debtor nation and were compelled to pay to Europe interest and dividends on a large portion of the funds which went into the financing of our great industries and lines of transportation.

## Exporting Less Food

THE nation early adopted a policy of agricultural development, promoted through sale of public lands and the homestead act. Agricultural settlements extended rapidly into new areas and production multiplied. While we were getting on our feet as an industrial nation, we purchased many manufactured articles from other countries and paid not only for these manufactured articles but the interest on our indebtedness with our agricultural exports. In recent years these exports, particularly when compared to our total population, have been falling off, due to increased domestic demand. We are still, however, exporting more than one-half our total cotton, almost one-fourth our wheat, as well as vast quantities of other cereals and pork products.

There is no limit to the agricultural possibilities of America and we ought always to produce a food surplus. Our national safety, in fact, depends upon it. But if we produce a surplus, we must have for that surplus not only a market but a profitable market. It is because that market lies almost exclusively in Europe that the American farmer has so vital an interest in the reconstruction of Europe. So long as we were the debtor nation we could depend upon our creditors doing exactly what all other creditors throughout the world do, namely, taking such interest in affairs of the debtor as would enable the debtor to make prompt payment of the obliga-

tion. Europe was glad to furnish us a market prior to the war because it was her selfish interest to do so. Our prosperity insured her interest collections and opened avenues for new investments.

Now that she is a debtor, it is but natural that she will not be so interested in furnishing us a market for our goods as she will be in finding an advantageous market for her own products and the protection of her trade balances. Naturally, also, Europe will seek the cheapest possible markets in which to buy food products. This means that the American farmer, under high wage conditions and with a soil in many sections of the country demanding artificial fertilization, must meet competition of the virgin soils of South America and Australia and crops grown by coolie labor. This is made more serious because we have virtually closed our doors to European immigration, and those countries are relieving their congestion by sending their surplus populations to agricultural competing nations. Thus Argentina, Australia and western Canada can be depended upon for an increased agricultural production because of their influx of labor from Europe. This also means that the American farmer will have a keener competition in the world's market.

Not only must this competition be met, but sooner or later Russia's experiment in sovietism will end and her reconstruction begin. That reconstruction will be agricultural. It is authoritatively stated that the various negotiations for loans to the Russians by the allies have been contingent upon the rehabilitation of her agriculture ahead of her other industries, in order that England might have cheaper cereals at home and enjoy the industrial market abroad.

Let us see how large the farmer's stake is in foreign commerce. In 1920 the whole value of all domestic exports for the year was \$8,080,000,000. Of this total amount \$4,122,000,000 were agricultural commodities either in raw state or semi-finished form.





This was \$82,000,000 more than one-half the entire amount of exported products.

It is interesting to know that for that year there was exported \$1,538,000,000 of cotton, \$1,780,000,000 of breadstuffs, \$481,000,000 of animals and animal products, \$289,000,000 of tobacco, the four commodities constituting more than 82 per cent of the total.

Lower prices and continued demoralized world conditions were responsible for a material decrease in exports for the year 1921, when the total of all domestic exports dropped to \$4,379,000,000. Of this amount \$2,838,000,000 represented agricultural production. Thus in the time of low agricultural prices, agricultural products represented \$649,000,000 more than one-half the entire nation's export trade or 65 per cent of the total.

I have referred to the necessity of our always producing a sufficiency of food and clothing for domestic needs. It would be difficult for the agriculture of the nation to readjust itself to rely on domestic consumption exclusively. Over a long period the transition might be made. As the situation now is, the farmer's prosperity is directly dependent upon foreign markets. It is easy to say that the ratio of exportable surplus to domestic consumption is small, but that does not render it insignificant to the cotton and wheat farmers. If their markets are glutted, as would be true were it not for foreign trade, their purchasing power would be crippled and our whole industrial machinery out of gear.

### How Foreign Trade Grows

**T**HERE seem to be four well-defined steps in the growth of a nation's foreign trade.

In the pioneer stage of development of a nation it is natural to expect valuable goods and services flowing into the country to exceed those flowing out. Imports of commodities must exceed exports. Money must be had for investments and loans, and the outgo for transportation services, banking, marine, and similar things exceeds the income for the same services. It is well so. Only thus could railroads and industries be adequately built. Business men in other countries pour in their accumulated wealth in prospect of future payment.

In the second stage exports exceed imports. The investments and loans made by foreigners in the earlier days call for heavy dividend and interest payments. Some of the principal is repaid. Travel in foreign parts increases. Remittances are made by successful immigrants to their home land. Wealth pours out faster than it comes in.

In the third period the nation, growing strong and big and rich and comparatively well developed, begins to invest in and loan to pioneer countries. Just as it received from abroad much of the capital for its early development, so now it sends its wealth to build the industries of other nations. Exports of valuable goods and services continue to exceed imports.

In the fourth period the tide turns and imports exceed exports as dividends and interest

due the home country help swell the total.

The United States was in the second stage preceding the Great War. Ordinarily the transition into the third period would have taken years and by a process of slow evolution through many more years the fourth stage would finally have been reached. The United States is now confronted with the prospective necessity of taking the final step where imports exceed exports largely as a result of the government loans owed this country which amounted to about \$10,000,000,000.

This ten billion seems an enormous sum, but yet it is relatively small. If we could receive from Europe a little less than \$100 per capita of goods and distribute those goods equitably amongst all the families in America, it would eliminate the debt and both Europe and ourselves would be better off. And surely there are but few families in the land but would be glad for these benefits if they could be thus distributed.

It is urged by many that the loans at least be postponed for many years and that the payment of the interest likewise be postponed. If the Government should do this and if investors and lenders begin to place their funds in foreign enterprises, this country can settle down in the third stage where exports exceed imports and have a long time in which to adjust itself to the coming of the day when imports must be received in greater abundance than exports. The successful farmer sells more than he buys, and the same rule will apply to the business of the nation. Hence, the longer we can forestall the fourth period the better for us all.

I think it will be fairly clear from what I have already stated that the agricultural interests of the country will not be best served by tariff walls so high as to become artificial barriers to freest possible exchange of commodities. It is only as Europe can sell to us that they will be able to absorb our agricultural surpluses. The tariff should be no longer considered a political football with that element which can talk loudest and longest before congressional committees securing the touchdowns. The time has come when it should be considered a highly technical and economic science and have an administration sufficiently flexible to meet

rapidly changing conditions of production, distribution and conversion costs.

If we must accept more goods from Europe than we sell to them it does not mean that the world's balance of trade necessarily be against us. Our merchants and manufacturers should give their undivided attention to the development of new markets. South American trade, if properly fostered and developed, possesses great opportunity. Even Japan and China are capable of absorbing immense amounts of the products of our factories. While we commiserate the distress of Russia we forget our next door neighbor Mexico, which is in need not only of moral and financial aid from us but can also use tremendous amounts of our industrial and agricultural products.

### Three Important Aids

**T**HERE are three things which, if accomplished in Europe, would assist greatly American agriculture, viz., the balancing of European budgets, the final settling of German reparations and the stabilization of exchange. The three are somewhat inter-related. A nation is like an individual—it cannot continue to spend more than it collects indefinitely. Bankruptcy would inevitably come. This Europe has done and has kept out of bankruptcy, as yet, through the issuance of currency not based on stable values. This has been largely responsible for the drop in the price of foreign exchange. It is clear that American agriculture, which disposes of so many surpluses abroad, is able to sell its products for a higher price as the price of exchange goes higher and becomes more certain. Our interest lies in having exchange go back to par and stay there.

Three steps are essential in securing this stabilization of exchange:

First, the drafts must be redeemable in some commodity of fairly stable value, preferably gold.

Second, the imports and exports of the various countries must reasonably balance each other, for only in this way can drafts continue to be redeemable in gold.

Third, each country must be at work producing goods for sale and to use in making purchases of other countries, for only in this way can exports and imports hope reasonably to balance each other. These three points tie into each other, but the most important of the three is the last, namely, production.

So nicely are those human relationships which we call economics adjusted that every human affair throughout the world affects every one of us, just as every particle of matter in the universe affects every other particle. Thus the reparations adjustments of Germany are reflected in every farmstead of America. The farmer's interest in foreign finance and foreign exchange is as great and possibly greater than that of any banking or exporting house. The improvement in farm prices is to a marked degree coincident with an improvement in foreign exchange as indicated by easier exchange rates. For



example, take May wheat in the Chicago pit December 7, which was low point for that period at 1.09½ compared with May 1 at 1.41½, the improvement was 29 per cent. Between those same dates sterling advanced 9 per cent, the French franc 23 per cent, and the Italian lire 26 per cent.

Thus the agricultural gloom of December dispelled by the smiles of May is directly reflected in the mirror of international exchange.

I have indicated that the interest of the United States and of American agriculture lies in the reestablishment of the gold basis by foreign countries. This cannot be accomplished by draining these countries of their gold as was done in 1921, during which period net gold imports into the United States exceeded three-fourths of a billion dollars. There is now much more gold in

the United States than is necessary to maintain our own banking institutions, as evidenced by the fact that the gold ratio in the Federal Reserve System is about 76 per cent of the deposits and notes, which is approximately double the legal requirement. This reestablishment of the gold basis in Europe is only a means to an end. Money is but a vehicle of trade, and exchange rates are but the indicators of underlying economic conditions.

The greatest fundamental need is to have exports and imports of goods and services between nations more nearly in balance. This in turn can be accomplished only by resumption of business activities, in countries now disorganized, in order that they may have more goods to sell and with which to make purchases of our products.

Production is not only the antithesis of bankruptcy—it is the cure for it. It is the

only means by which we progress in material affairs or advance in our standards of living. Half our own domestic trouble lies in lack of production. If the merchant, the miner, the manufacturer, the railroad man (and I am not singling out either capital or labor) had produced as fully during the past two years as the farmer, we would not have become economically unbalanced. As a nation we need to learn that idleness is more fatal physically, socially and morally than is overwork. I can conceive of no better solvent for the present world distress than work—and Europe can only be rehabilitated through the medium of well-directed productive energy. It is a part of our obligation to furnish her the opportunity, through production effort, to solve her own economic difficulties.

# To Put Our Fleet to Work

By ALBERT D. LASKER

*Chairman of the United States Shipping Board*

THREE compelling reasons today, which were non-existent before the World War, have put upon America the necessity of an immediate decision as to a policy that will encompass its future on the seas.

The first of these is that, having entered into a naval agreement under the 5-5-3 program, America must have a merchant marine comparable to that of Great Britain if she is to have an equal naval power with Great Britain. As Secretary Denby has said, if all the naval ships in the world were scrapped, Great Britain, through her preponderant merchant marine, would be more supreme on the sea than she could ever hope to be otherwise.

Certain types of merchant ships are as essential to the operation of a Navy in times of war as the capital ships of the Navy itself. In these types America is sadly deficient compared to Great Britain, at a ratio of almost five to one in favor of the latter. And there can be no thought or hope of the United States keeping a naval parity with Great Britain unless we create merchant marine power to equalize this difference.

The second reason that has created a new situation in connection with our need of a merchant marine is that before the war America was a debtor nation, and those who controlled the vehicles of transportation on the sea were largely our creditors and would send to us for the goods and raw materials wherewith we should pay what we owed them. Today, no longer a debtor nation but a creditor nation, through expanded plant capacity and through need of increasing our export business, that we may make use of the vast gold reserves that have accumulated, we come into competition with the nations that control the sea carriage for those markets of the world that are still to be developed. And it is to be supposed that in that competition we will not find at all times that prompt and ready service that is the very life of foreign commerce if we are to rely on our competitors for it.

The third reason is that, through the need of the late war, America has come into possession of a great fleet, the vastest the world ever knew, some approximately 1,500 ships of 10,000,000 gross tons, built at a cost of over \$3,000,000,000. These ships are operated by the Government on essential

trade routes at an annual loss of \$50,000,000. The problem that confronts us is the disposal and liquidation of this fleet and the retirement of the Government from shipping operations.

It was these three problems that led President Harding—than whom no living American has a more inspired vision of a renewed America on the seas—to go before the Congress with a proposal for legislation, the hearings of which are just ending before the joint committees of the Senate and House.

In the last decade, America has changed from a self-contained and self-sufficient nation (the type of nation that can largely do without a merchant marine) to one that now must look across the waters for many of its needs.

## Going Abroad for Supplies

WE must obtain manganese for our steel mills from Russia and South America; our automobile tire industry must obtain crude rubber from Brazil; our tinplate manufacturers must import their tin from the Malay Straits and from Bolivia; our silk factories must get their raw product from China and Japan; our manufacturers of twines, canvas, linens and laces must get their flax from Russia and Belgium. We must also import large quantities of coconut oil and other vegetable oils from the Dutch East Indies and from Pacific Isles; coffee from Brazil, tea from China, India, Japan and Java; cocoa from Venezuela; sugar from Cuba; rice from the Far East; spices from the East Indies; platinum from Colombia; vanadium from Peru; and asphalt from Venezuela.

If we are to keep our industries going, we must make sure of a steady flow of these materials which we need and will have, and must insure prompt and continuous delivery of manufactured wares and raw materials which we wish to give in exchange for that which we buy. If we have to rely on the ships of other nations who are our competitors for the trade of the newer countries, it is as if a department store relied on one of its competitors for its deliveries.

The conference in Washington, which came to such happy, fruitful results in connection with the Far East, should ultimately lay the ground for trade expansion and trade rela-

tions in the Far East. In South America, in the Far East, in the newer countries of Europe and Russia, lies the trade that must be developed to keep the manufacturing countries of the world going. Foremost among these manufacturing countries is America, and in the struggle for the trade of these countries we will now come in competition with the old-established maritime nations of the world.

The second problem, with which all of you are familiar in a general way, encompasses the Government's ownership of 10,000,000 tons of ships. Of its 1,500 steel ships, the Government has 1,100 tied up. Four hundred of the Government's ships are today covering practically every trade route in the world. But American shipping is being killed in the morning.

The Shipping Board is operating under a law which contemplated that the Government would operate the ships until trade routes were established and private ownership would take it over. But the very carrying out of the law defeats its own purpose. Private owners wither and die under the competition of government operation of ships; and even were the Government able to successfully establish these routes, there would be, by and large, few successful operators who could take them over, because they would have been killed under the blighting competition of the unending funds the Treasury belches forth to back the enterprise. Who of you gentlemen of the United States Chamber of Commerce could successfully run your business against unlimited government competition, paid for out of taxation on our entire people? If we are to have government operation we must go one step further and have a government monopoly.

My experience as chairman of the Shipping Board has taught me, as I never realized before, that government ownership and operation of ships is as poison ivy in the garden of industry. Neither are we winning through government operation of ships the very potential customers that the law provides we should try to build up, but the operation of the ships themselves is overly expensive because private initiative and inspiration are lacking.

Do not understand from this that I do not beseech each of you, in your own interest,



to give every preference to Shipping Board ships. No matter what the operations may have been in the past, I stand here to affirm and declare—yes, and to boast—that the Shipping Board today is sailing its ships as promptly as any ships in the world; that the Shipping Board today is making settlements with shippers as promptly as any shipping concern in the world; that the Shipping Board's operations today, under the present Shipping Board, is comparable to the best operations of any shipping concern in the world. And you are standing in your own light if you don't throw your cargoes to your own ships.

#### Will Lose More If—

TRUE, your Treasury is losing money in the operation of these ships, but it will lose more money if you don't patronize them. But it is further true that nowhere else will you get a better operation than you get on these ships, and every one of these ships flying your flag is insuring day by day the establishment of lines that will be continuous, either under the government or private ownership, which in turn insures open markets of the world to you and for your wares, so that at no time will you be throttled through the very proper selfishness of competing countries.

The difficulties under which we operate are due to our higher standards of living; and who among you would have them different? But, with higher cost of building, with higher cost of wages aboard the ships, with higher cost of operations on shore, with generations of established businesses of competing countries to meet, no private enterprise can step in the breach and sustain the losses while we are getting the volume that in turn will equalize us with the rest of the world.

And so your President has proposed to the Congress the enactment of a series of aids that will put American shippers on the same basis with Great Britain, whose costs are next highest to ours; feeling that if we put ourselves on a parity with Britain, the ingenuity of America will conquer all other obstacles.

The bill proposes direct aids to ships in the form of a cash subsidy, which, it is estimated, if we should ultimately develop 7,500,000 gross tons that will carry half of the overseas trade of America, will cost the national Treasury approximately \$30,000,000. Should we ever reach that point, the losses of \$50,000,000 per annum in the operation of the Shipping Board would long before have ended, because the Shipping Board would have been out of business and a vaster amount of our ships will be on the seas than ever was there before.

So that the subsidy proposed, if earned, means that in exchange therefor we end the vast losses of the Shipping Board, thereby reducing the burden on our Treasury, and in turn have a much larger merchant marine plying the seas than we have now. It means in turn, too, that hundreds of millions of dollars of freight money that go abroad will

remain at home, to the national enrichment. It means that the volume of the business done by the American farmer, miner and manufacturer will be increased because American ships will be plying to foreign countries, not only for the purpose of carrying the immediate trade but for the purpose of expanding the markets of American citizens.

In addition, the bill proposes certain indirect aids, the chief one of which that will interest your association being the one that permits a deduction from federal taxes equal to 5 per cent of the moneys paid in freights. It should not be necessary to stimulate a desire among American manufacturers to favor American ships, because in favoring American ships you are favoring your own selfish interests.

But the world has not progressed far enough, alas, as yet, that men can unselfishly see their direct interests in many things that should directly interest them. We all see the things that are closest to us; and some of the things that are closest to us are relatively unimportant to the things further away that we cannot see. Many of you are struggling with problems in your factories and banks that are not nearly as important to you as the insurance of an established American merchant marine. And, to bridge this very elementary human weakness of not seeing the things further away, the Government proposes, for this reason, to pay 5 per cent of freights as indicated, in an allowance for taxes to shippers who route by American ships, thereby insuring to American ships fuller cargoes, which is the very essence of successful operation.

Another indirect aid proposed is designed to meet the fact that the Government's fleet of 10,000,000 tons is sadly unbalanced. We have too many cargo ships; we have too few passenger and combination passenger-and-cargo ships, which latter class are the very backbone of peace-time commerce, being the necessary faster service for trade development and the very ships needed of the cruiser and raider type for war.

The Government will build no more ships. Only through inspired and aided private ownership can we hope, as we do hope, to see ships built that will balance our fleet.

The bill before Congress proposes a loan fund of \$125,000,000 at 2 per cent minimum interest to aid those who would build this type of ship. Without the passage of the proposed bill and this feature, the art of shipbuilding in America will wither and die; and if we deny ourselves possession of this art in time of peace, the late war shows the penalty that we will pay if we thereby permit this art to be lost for war-time needs.

The bill proposes that the desirable tonnage owned by the Shipping Board be disposed of at world market prices to American buyers, so that to the extent that the board can furnish ships, there be no capital charge differential inuring against American owners. This benefit will only be derived by those desirous of possessing certain types of cargo ships, for in many of the desirable types of

cargo ships the board's fleet is sadly deficient.

It is proposed in the pending legislation that 50 per cent of all immigrant traffic come aboard American-flag ships. This feature alone, if it be enacted into law, will insure a volume of business in the North Atlantic that should give us a large growth in our third-class passenger ships.

It is contemplated that the President will declare the Philippines coastwise, thus giving American-flag ships exclusively the benefit of the commerce between the shores of our large Pacific possession and our home land. When Hawaii and Porto Rico were declared coastwise, a great cry was made by those selfishly interested that a blight would be put on the trade of those two countries, but history has proved that the volume of business in Porto Rico and Hawaii has grown in almost magical proportions under coastwise inclusion.

The bill—to my mind, very rightly—proposes that when proper facilities exist, the President may end the army and navy transport, contracting for our military transportation with privately owned ships, thus insuring a merchant marine trained for war expansion in time of emergency.

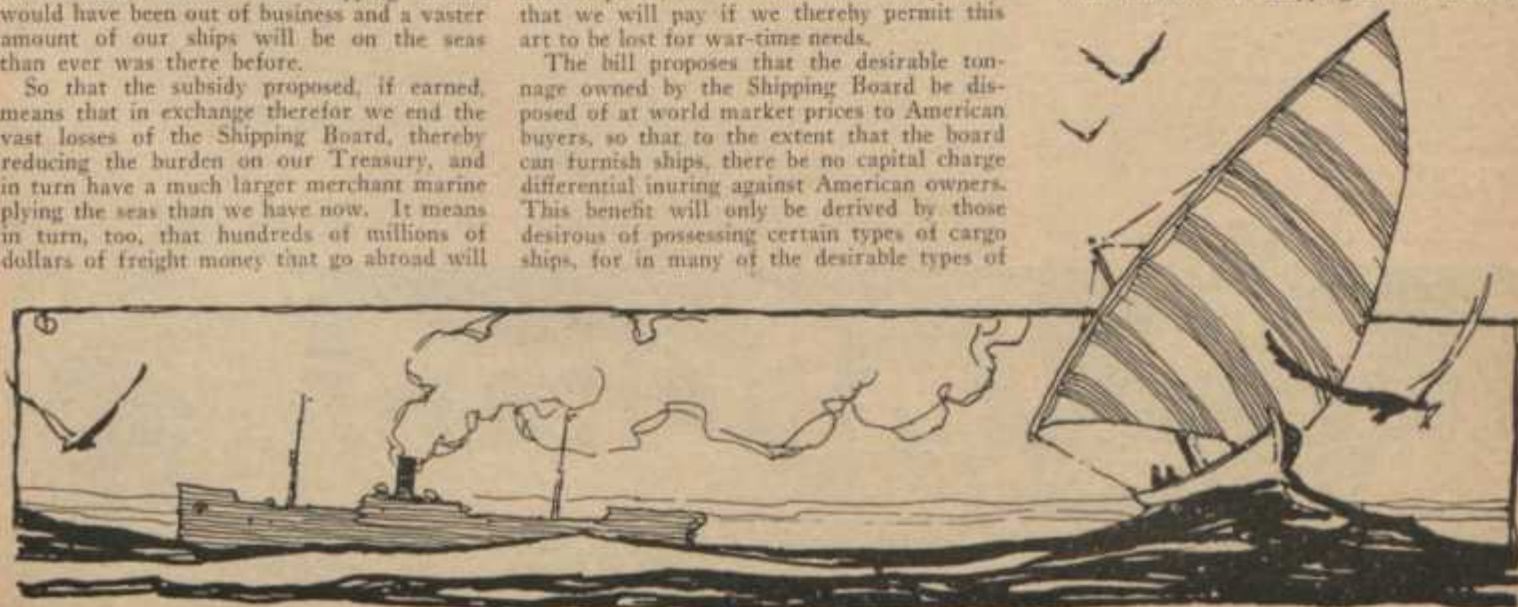
Looking forward to closer coordination between rail and water transportation—a very basic essential toward the expansion of our trade—the bill proposes a scheme for bringing nearer together, on subjects of mutual interest, the Interstate Commerce Commission and the Shipping Board.

The subsidy to be paid our ships is computed on a differential based on a combination of speed, tonnage and distance covered, thereby encouraging the building of a fleet that shall be balanced for peace and war-time purposes alike. The basic subsidy provides that every vessel of the United States entitled to direct aid shall receive a sum equal to one-half a cent per gross ton for each 100 miles covered, and increases with each knot, until at 23 knots and over the ship shall receive 2.1 cents per gross ton. In the discretion of the Shipping Board, where essential lines are needed and the subsidy proposed in the bill is not sufficient, a subsidy up to double the amount provided for in the law may be allowed.

Into the subsidy fund are to be paid such tonnage dues as are collected, which are to be doubled.

No ships getting the subsidy are to be paid for carrying the mails; the compensation that they would receive will go to the Shipping Board.

The fund for the Shipping Board is to be





derived by reserving 10 per cent of the monies collected in duties as a revolving fund.

A limitation of profits is proposed by the Government which, while on the one hand forbidding profiteering, on the other hand insures that there shall be no diminution in the inspiration of initiative and the consequent facilitation of raising the necessary capital. This is accomplished by a proviso that after a ship has earned 10 per cent on its capital, half of the earnings shall be returned to the merchant marine fund until the full amount of the subsidy shall have been repaid. After that, the ship keeps all the excess earnings.

The Joint Committee of the Senate and House which has just finished several weeks of hearings as to the proposals suggested by President Harding and will, within the

next two weeks, have drafted their final bill for submission to the Congress that will include the suggestions of the Government, together with such amendments and omissions as the committee may deem wise to make.

In this Congress there will be decided whether or no America's war needs and America's peace needs will be met through American potence on the sea. This Congress will decide whether or no there shall be a liquidation of the vast fleet the Government holds; or whether government operation, with all its incompetence, shall continue. No more crying question is before the American people. It demands immediate solution; and in the bill before Congress President Harding and those under him feel they are offering the country a solution.

## A Subsidy—Good Business

By FRANK C. MUNSON

*President Munson Steamship Line*

**W**E ARE now going through an industrial depression and the greatest single aid to our recovery from that depression will be the creation of a larger market for American grain, cotton and other farm products and a wider market for our manufactured goods. The surest way to get these wider markets is to have the farmer, American business man and manufacturer, with the cooperation of steamship companies, work together to sell American goods in competition with foreign merchants and steamship lines. A merchant marine for the United States is a far more vital necessity than ever before.

Let us take a look at the greatest ship-owning and maritime nation of the world—Great Britain. It is not exaggerating to say that England today owes to her merchant marine her present position as being the greatest commercial nation and the greatest power in the world.

For the last thirty years most of our exports from this country were carried in English steamers, and every ship that carried American goods to foreign markets sent copies of its manifests to its head office, and its home office used the information about what products were being exported by the United States to build up British competition with our American industries. That information which has been secured by British merchants for all these years has been a very great benefit to England, and in lesser degree also to Norway, Denmark and Sweden. If these same products had been carried in American flag ships no information would have ever

passed on to our great competing nations as to the principal commodities we were selling to foreign consumers, and American producers would have been much better protected in their business.

The great parallel of what England has done and is doing is manifest in that England is constructing or actually has finished over 600,000 gross tons of Diesel motor ships, whereas this country has so far only something like 5,000 gross registered tons of Diesel motor ships. We must not let our foreign competitor get another lead like she had before, as the effects will be disastrous. The lower cost of operation of the Diesel ship gives a great advantage to the nation adopting it first.

The war brought to us the urgent need for ships and we built in two years more ships than any nation had ever built before. About half of these ships constructed during the war are good ships and can be utilized when the demand comes in commerce, provided there is an equalization of costs, of wages and other handicaps enabling us to compete with foreign ships. We must keep our ships on the seas; and life and prosperity depend upon it.

It is fundamentally important, as outlined in the Jones Bill of 1920, that private initiative, ownership and operation of ships should be stimulated by every means possible. That means that the Shipping Board should get out of owning ships as rapidly as it can. We shipping men feel this can be done within two years of the time the new bill is passed.

The equalization of our higher operating costs contemplated under the bill will mean an immediate market for ships and the pres-

ent low interest rates will be very conducive to financing by even the small operators in the purchase of ships from the board on the basis of 25 per cent down and the balance over a period of years. It is of vital importance to place American ship operators and owners on their own feet and let them handle the ships themselves, also for the American taxpayer to be freed from the certain losses which are now being suffered by the Shipping Board. By means of the subsidy they are going to cut these losses at least in half and at once create a greater degree of effort on the part of the ship operators to put themselves in a position to compete with all the world.

The payment of the subsidy will mean that the American taxpayer will have about half as much money to pay after the bill has been passed as is now the case. There is, therefore, a very definite and tangible saving to him. There is a value created by this means for the three to four million tons of efficient type ships of the Shipping Board which should bring in to the Government a large sum of money in actual realization from the sale of these ships. Not only is the payment of this subsidy under the proposed bill a necessity to enable the maintenance of the merchant marine; but it is a good business proposition because it creates a demand for American ships to be paid for by American steamship companies.

### Labor Will Benefit

**O**NE of the great object lessons of this bill which I think has not been emphasized sufficiently is that the principal benefits from the subsidy itself are to give American labor higher wages which are going to be offset by the means of this payment. The balance of the amount of the subsidy is figured to take care of the increased capital cost of ships built under the American flag, which are already in the fleets of shipowners and which mean a higher cost of operation because the vessels have to be insured and depreciated on a higher value than the foreign ships.

American ship operating costs are about \$1,300 per month or \$15,000 per year higher on an average size American ship than the British operating cost with British seamen. The Japanese cost is somewhat lower than the British and the German cost is lower even than any of them due to the present rate of exchange. I heard of a German ship recently that was operating between Hamburg and South America where the total cost of the crew per month, including the officers, was \$900.

I am a great believer in competition. Competition means the life of trade—means the life of a nation. It is an underlying factor in all growth and development and without





it any race is bound to go backward. There is plenty of competition in the steamship trade throughout the world to make it definitely assured that all American shippers will be given the best available rates by American ships. There never can be any monopoly created in American shipping and the producer and manufacturer is assured of what he needs on a parity of rates by all American ships.

We are on the eve of great developments. We stand today a nation looked up to and respected as one of the most powerful in all the world. Financially we are undoubtedly the most powerful and we should use our moneys, our gold accumulated through the years of the war, for trade expansion for the benefit of all countries of the world, but in that benefit which we are going to give them by loaning money, we should stipulate

that American products and American manufacturers should be given the preference by all those countries to whom we loan our American money. These two things should go hand in hand, and American initiative, American integrity, American brains will carry us on to a greater future than any of us here today can dream of; to a greater influence on humanity, on civilization, on the advance of the high ideals which American manhood and womanhood stand for, and in these great trade routes, created and served by these wonderful ships, which are the shuttles that carry the peoples and the commerce of the world to and fro, we have a vehicle really developing, which must carry on through all the years to come as one of the great and most vital forces of our national progress.

## As the Shipbuilder Sees It

By J. L. ACKERSON

*Vice-President, Merchant Shipbuilding Company*

**W**ORLD shipping depends upon international trade, which in turn is dependent upon the desire to exchange international products, the ability to finance this exchange of products, and the time necessary to insure the accomplishment of these two items.

The desire to exchange products, of course, exists. The necessity for this interchange of products also exists, not only on account of normal trade conditions but also due to the fact that foreign countries are of necessity under the obligation of exporting goods in order to pay their respective debts.

Probably the only two countries that are in a position to finance this interchange of products are the United States and Great Britain. At the present moment the financial interests of Great Britain appear willing to loan money for this purpose. In the United States, at the present moment, there does not appear to be that same willingness. Just how long it will be before this unwillingness can be overcome is uncertain. But probably the time necessary to crystallize public opinion, to effect the necessary loans, and following that to establish manufacturing on a post-war, normal basis in the European countries, will be not less than three to five years.

Following this line of reasoning, it would appear to me that the world shipping will not return to what may be termed its "Past War Normal Proportions" until this period of time, varying from three to five years, shall have elapsed.

From the time this revival begins, an increased demand for ships will manifest itself. Whether new ships will be built or not as a result of this demand will depend upon two things: First, the tonnage necessary to carry out the increasing international trade; second, the tonnage actually existing at the time.

In viewing this, it should be remembered that on the whole there is no greater tonnage of vessels available today than would be available today had the World War not taken place. Also, many of the ships now included in the world tonnage are old and obsolete. There have been few replacements of the better types of ships. The war tonnage, as a whole, cannot be regarded as a suitable and adequate increment of the merchant marine.

During the past eight years, comparatively few passenger vessels or combined cargo and passenger vessels, or even high-grade cargo

liners, have been added to the world tonnage. The international trade revival that will unquestionably take place in the next three to five years will create a demand for vessels suitable for special trades, and also for passenger and combination passenger and cargo vessels.

These vessels when built will undoubtedly be built in accordance with the advances in engineering that have taken place in the past few years. Notable among these advances is the Diesel engine.

It would appear that, when the demand for additional tonnage does manifest itself, the new tonnage required will at least be equal to the annual pre-war construction, possibly even greater.

Although it can be shown with reasonable clearness that there will be a demand for additional world tonnage, it does not necessarily follow that there will be a demand for American tonnage. American shipbuilding, of course, depends upon American shipping. An increase in American flag shipping depends upon, first, an increase in foreign trade shipping, second, upon the ability of American flag vessels to compete in this foreign trade, and third, upon an increase in coastwise trade shipping. Relatively speaking, there have been, and probably will be, very few ships built in the United States for operation under foreign flags.

Although an increase in international shipping is certain, the question remains whether American operators can operate American flag vessels in competition in these trades with foreign flag vessels. Several of the larger operating companies are now seriously making this experiment.

The success will probably depend, to a great extent, upon pending legislation. With favorable legislation it is probable that the results will be satisfactory, in which case there will undoubtedly be a decided demand for: (a) passenger vessels, (b) combination liners, (c) special cargo liners, all for operation in foreign trade under the American flag.

These vessels of necessity will be built in the United States.

The coastwise trade has heretofore furnished the greater part of the merchant work that has been performed in American yards. This trade is increasing. Much of the trade that heretofore has been carried by rail is now being carried by water. Many of the ships in these and other lines active in the

domestic trade are old and obsolete. Undoubtedly there will be replacements in the respective types in the next few years. Many replacements are actually now in contemplation.

Competition in these trades will bring about a demand for more economical operation. This will be accomplished probably by obtaining new and special types of vessels and by the conversion of existing unemployed ships. Already there is much activity on the part of ship operators looking toward the building of new ships and the conversion of some of the more suitable of the Shipping Board ships.

Diesel ships deserve special consideration. Although there is no question regarding the exceptional economy to be obtained in the operation of these ships, American operators have been slow to adopt them. The economy of operation is so startling that, in my opinion, the change from the present accented type of machinery to Diesel machinery will make a change in shipping in the next decade which will be not unlike the change from sail to steam.

This change in the ships in future to be built will, in my opinion, extend not only to cargo vessels but progressively will extend to passenger ships, first with the low-powered, twin-screw passenger ships and quite probably later to the larger powered ships.

The results of the *William Penn*, which showed a saving of approximately \$53,000 in one trip around the world, will inspire a number of operators to demand the same economy.

### A Hopeful Outlook

**I**T seems to me that the following conclusions are clear:

1. It will take from three to five years to stabilize international finances and to insure the establishment abroad of credits necessary to enable foreign industries to place themselves in a position to export large volumes of goods.

2. During this period international trade will increase until at the end of, say five years, it will attain to what may then be termed its "normal."

3. That during this period there will be an increasing demand for ships. That this demand will cause to be culled from the present stock of unemployed ships those that are most suitable, and will then cause the building of new ships of the most suitable type, representing the advances in shipbuilding made during the past several years.

4. That this increase in international trade will bring about the desire on the part of American operators who engage in this trade.

5. That this desire on the part of the American operators will, if suitable shipping legislation is enacted, cause them to place contracts in American yards for new and special types of ships for operation in foreign trade under the American flag. That this demand for shipbuilding will be augmented by the demand on the part of American operators for special ships to be used in the coastwise and domestic trade. A part of this demand will be met by the conversion of existing American tonnage where practicable, but a part of it, however, will of necessity be provided by new ships, to be built in American yards. An increasingly greater ratio of these ships will be equipped with Diesel engines of an approved type.

6. A small demand will exist for naval auxiliaries.

The prospects of American shipbuilding in the immediate future are not bright. When viewed, however, over a longer period, say, of three to five years, they appear brighter than in any normal period since the Civil War.



# Story of the National Chamber

By JOSEPH H. DEFREES

*Retiring President of the Chamber of Commerce of the United States*

IN ITS work of promoting the commercial interests of this country in consonance with the public interest the Chamber of Commerce of the United States has never been accused of looking backward or sighing for those "good old times," never to return, when things were done otherwise. But today we are passing a milestone, the completion of the first decade of existence, and a brief retrospect not only of what the Chamber has done but also of the ideals it has stood for—the place it has sought and the place it has made for itself—will be both excusable and encouraging for the future.

For it was ten years ago, in April, 1912, that some six hundred business men gathered together at the nation's capital on the call of President Taft and his Secretary of Commerce, Charles Nagel. In a period of gestation of only forty-eight hours, but with considerable labor and travail, as those who were there then and are here now will testify, birth was given to the Chamber of Commerce of the United States.

It was a puny infant but came of good blood. Its first Board of Directors were its nurses, and it is due solely to their indomitable will, their unyielding courage and their splendid vision that it pulled through its years of childhood. Under the leadership of the first president, Harry A. Wheeler, this board of business men agreed to forget their business caution and conservative rules and immediately announced a plan involving a budget of \$100,000, agreeing among themselves to see that it was raised. Year after year they pursued a like courageous course of financing with the aid and generosity of business men like-visioned from all parts of the country until at the end of five years they awoke to the fruition of their plans and found an organization securely financed upon a solid basis of membership and annual dues.

## The Debt to the Pioneers

I SAY to you men who belong to the Chamber of the present day, men who like myself were not in at the beginning and shared not the heavy responsibility of those early days—who are connected with a going concern and not the building of a going concern—that you and I owe a debt of gratitude to these first boards of directors and officers to which it is scarcely possible to give full recognition. The best that we can do, and this we will do, is to pledge ourselves to the maintenance of the structure they have reared and to the carrying out of those purposes and ideals which led them to give so generously of their time, thought and courage to make a reality of what was then but a vision.

Those purposes were written down, made matters of by-law, prescription and public announcement. The structure was formed to encourage the domestic and foreign business of the country, to promote cooperation among industrial and commercial bodies, uniformity of business usages and laws, and proper consideration and concentration of opinion upon questions affecting the financial, industrial, commercial and civic interests of the country as a whole. How the purposes have been carried out is a mere matter of record as simple as making up a balance sheet with the stated purposes as debits and the accomplishments as credits. Its great

research and information services, the work of its many committees, its reports, resolutions and thirty-nine referenda, its completed accomplishments such as those connected with the National Budget System, the Tariff Commission, the Federal Reserve System, the expansion of the Department of Commerce, war financing and organization of industry in war, the Railway Transportation Act, the organization of the International Chamber of Commerce, among others, testify to the record on the credit side.

The ideals and adherence to them are not so easy of ascertainment, for they existed in the minds and consciences of those who laid the cornerstone and foundations of the Chamber rather than in written speech or report. Through very long association with these men, both inside and outside this work, I may be as well qualified as any to construe these ideals out of their acts and utterances. At any rate, I will try it, for certainly these unwritten laws and precedents are equally important with, and in my humble judgment more important than, the written laws and precedents.

As first among these ideals I would place the purpose to create and maintain a completely representative and democratic national organization of American business. No section or part of the country was to have a predominant weight; business was not to be measured by size or class; small business should have its voice with big business, the retailer with the manufacturer, transportation with the shipper, the raw producer with the wholesaler, the banker with the insurance man. This has given rise to discussion and question, a feeling on the part of one class that it was entitled to a louder voice in the decision of some questions than all other classes of business put together, but the standard has been maintained.

As second I would place the purpose to deal openly and honestly with the Government at all times and under all conditions and without the slightest intrusion of political bias. This has meant a considerable departure from precedent and practices of older organizations, the adoption of new and untried methods with criticism from those trained in the old school and believing these new methods impractical and academic. It has also involved patience in awaiting results, but in the long run these methods have justified themselves beyond question, and the maintenance of this ideal is the basis of all the influence which the National Chamber now possesses. I cannot at the end of my term of office fail to caution those who succeed that this structure of mutual confidence and frankness can all be destroyed by one false step undertaken in the zeal to accomplish something deemed of extraordinary importance to American business but involving the use of class partisan methods (which should always be discredited by the public) or of secret processes which will not bear publication to the light of day.

Third, I would place that open recognition of the fact that business, important factor that it is in the economic welfare of the whole people, is not the only nor yet entitled to be the controlling factor. It is, as our first president so aptly described it, one leg of the economic tripod, the other two

legs being agriculture and labor. No one of these factors should attempt to benefit itself to the prejudice of the others or of the public. No organization of any one of them should try to usurp the functions of Congress as representative of the whole people. The ideal of those who laid the foundation of the Chamber was not to create a third house, to overawe the Government, to resort to political reprisals, but to place before Congress and the executive for their decision, after weighing the other interests involved, the opinions and desires of American business. This ideal has led to the slogan that "What is not for the public good is not for the good of business," and this recognizes the obvious fact that business alone cannot be the final judge of what is for the public good.

As the fourth and last I would enter on the list breadth of vision, conservative though for the future as contrasted with the negative policy of opposition to change. No one thing is more vital to the continued life and usefulness of a business organization, and yet to accomplish it means to overcome the natural and inherent conservatism of business which views change with foreboding. An organization cannot endure solely as an institution of opposition and at the same time wield influence with the Government which renews itself every two and four years with the new thought and aspirations of the people. Too many business men and industrial managers are progressive in action as well as in thought to continue to support and maintain an organization standing for the mere continuance of things as they are. Change is the order of life in all directions, and business cannot expect to be exempt alone from the order.

## What Ten Years Has Taught

THE experience of ten years of the Chamber of Commerce of the United States proves beyond peradventure of a doubt that American business men, while naturally conservative, have the vision and the courage and confidence to follow constructive leadership into the land of things that may be. There has always been, there always will be, however, a strong element backing water, failing to keep in stroke, retarding the progress of the boat. The continued realization that progress is essential, that in all life you either go forward or go back, that there is no such thing as standing still and maintaining conditions as they are, will mean that the Chamber will go forward in strength and influence as it has in the past.

Such a course of working for the future will necessarily involve the making of some mistakes. All conditions cannot be foreseen even by the wisest of heads in council, but far better to make such mistakes and answer for them frankly than, in fear of them, to surrender business leadership and leave the framing of future laws or precedents to be determined and fixed by those who, however well intentioned, are unfamiliar with conditions fundamental to the business success upon which the prosperity of all other elements and the country as a whole rests. "Where there is no vision the people perish."

To complete even this brief and superficial review of ten years of the United States Chamber it may be desirable to present to





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During the annual convention the corner stone of the new National Chamber building was laid. The picture shows President Defrees with the trowel. Addresses were made by Secretary Hoover, Charles Nagel, who was Secretary

of Commerce when the Chamber was established, and Harry A. Wheeler, the Chamber's first president. The new building will occupy the site of the old Daniel Webster home across Lafayette Square from the White House.

you some figures of material growth of your institution.

Picture to yourself the situation at the close of the organization meeting in April, 1912: A Board of Directors chosen to select a president, perfect and administer a skeleton set of by-laws, provide for staffing and financing a national federation of commercial organizations to function for them all. Immediately a one-room office in the Evans Building was set up with one man—Mr. Skinner—in charge and one stenographer, who is still with the Chamber. Sixty-five chambers immediately adhered. In August the permanent staff was set up with a general secretary, Mr. Goodwin, and assistant secretary, Mr. Skinner, an editor, and four clerks and stenographers occupying four rooms in the Riggs Building, one of which was a board room. By the end of the year 1912 the membership had grown to 235 organizations, the revenue of the year amounted to \$33,960.51, and the staff had increased to 18.

From the end of 1912 down to the beginning of the business depression in 1920 the expansion of the National Chamber in activity, resources and personnel has been nothing short of phenomenal, illustrative not only of the extent of the vacuum to be filled but also of the patriotism and feeling of common interest in the national problems of American business. Its annual income, though now about three quarters of a million, has never been sufficient to permit it to carry on that full measure of business research and activity which it should perform and some day will perform. Its National Headquarters now

occupy the equivalent of six floors of the Mills Building, where are housed about 160 of its total payroll which fluctuates between 270 and 280. Its Board of Directors numbers 46. It is drawn from all parts of the country and meets six times a year with intermediate meetings of an Executive Committee as called for. It maintains branch offices in New York, Chicago, St. Louis and San Francisco. Its service by bulletin, letter and word of mouth reaches to over 1,400 commercial and trade associations situated in every state, territory and dependency and American chambers in foreign countries and to over 14,000 firms, corporations and individuals composing its association and individual membership. Its magazine, *THE NATION'S BUSINESS*, has a circulation in excess of 75,000.

The severity of the business depression had first the effect of retarding the Chamber's growth and later of impairing to some extent the number of its membership and its revenues, but both are already beginning to register the effect of better conditions, and we may look forward with confidence to the near future for that further expansion which is necessary to filling the field of its usefulness and service.

You are all now aware that during this meeting we are to lay the cornerstone of that building which, splendidly located and handsomely planned not only for the work to be performed in it but also to fit in to its environment, has been made possible by the national spirit and generosity of our business men and their institutions. The land has

long since been purchased, the buildings thereon recently torn down, and we are proceeding with the contracts for excavation and foundations. Again the business depression has interfered to retard the completion of the building fund but with what is already on hand and what has been promised, we shall be able to build as much of the building as is necessary for the board and the force at headquarters to occupy and to provide a small meeting hall and some committee rooms. We should be made able to complete now the entire building.

The more that is paid in or subscribed within the next sixty days the greater the accommodation we can make for meeting halls, conferences and committee meetings of our member organizations, for which there is great need.

That conditions are better and a revival of business confidence is at hand is apparent. I believe that during the next sixty days sufficient additional funds will be paid in or subscribed fully to meet this need. If the importance of the project to American business is recognized but little, if any, will remain to complete the building fund.

I talk confidently of the future because I share in the general confidence that business conditions are on the mend. But it would not be fair to you or to my own reputation as a man of some judgment not to call attention to the clouds threatening even our peace and our prosperity which have gathered and are still gathering in other parts of the world. The Washington Conference on Limitation of Armament under the splendid



leadership of our President and Secretary of State, taken together with the subsequent ratifications of the treaties resulting therefrom by the Senate, has done much to clear the Far Eastern horizon and could have done more had there been assurance of peace and stability in China. But when we look eastward to the center of modern civilizations in Europe, to the markets of half our export trade, it is only the hopelessly ignorant or the incurable optimist that can work out any immediate assurance of comfort or stability.

Have conditions then failed to improve since the close of the greatest war in history now three and a half years ago? I would hate to think that. I would not go so far as to aver it. What I must aver is that there has not been sufficient improvement to justify optimism as to the future—to create a feeling of stability as to conditions abroad or as to the effect of those conditions upon this country. Hunger and its kinsman, bolshevism, still stalk menacingly across the stage, wars and rumors of wars are yet in progress, boundaries are not fixed, governments are not secure, finances are in turmoil. Peoples live in dread of each other and of the future. Those things that we fought for and that our boys crossed the sea to

defend on foreign soils, 60,000 losing their lives and many more thousands maimed and impaired, the defeat of militarism and the safety of our own and other free governments have not yet been attained.

How and when we shall aid, we who are most powerful to aid in restoring stability in Europe in our own interest as well as in theirs, are, I assert, the greatest and most immediate problems before American business today. That is why these problems, "European Conditions and Their Effect on American Business," have been made the keynote for this annual meeting. It would have been easier and more agreeable to many to discuss purely domestic business problems. We shall be told that the foreign commerce of the United States is but 8 to 10 per cent of the total. Washington's farewell address will again be chanted in our ears as if we were still a puny, struggling nation and rail, steamer, telegraph, cable and radio had not been invented and played their part in the interim of over a century. But so long as it was our earnest belief that European instability was the greatest menace to American business, American stability, and American prosperity, we have only fulfilled our duty in placing it before you.

Lemon, Vice-president, discussed the program for the Eighth Annual Meeting of the N. A. C. O. S. which will be held October 23-25, in Chicago.

There were favorable comments also upon the work of the Placement Committee as reported by Harvey T. Hill, Chairman. The address of the evening was delivered by Sherman Rogers, Industrial Editor of the *Outlook*, who held the undivided attention of his audience with a forceful talk on the labor problem, which he made graphic by telling fascinating tales from his own experience.

A "Hoover Luncheon" was held on Thursday, the last day of the Convention, the attendance at which probably was the high-water mark for secretarial functions of this and past conventions of the National Chamber. Every table in the Crystal Room of the New Ebbitt was occupied during the luncheon and some had difficulty in finding accommodations. The message which Secretary Hoover brought to the members of the N. A. C. O. S. met with instant response. Mr. Hoover told of the efforts of the Department of Commerce for the elimination of waste in industry and of the economies resulting from the adoption of uniform standards. He told, for example, of the reduction of varieties of brass bedsteads and the savings which resulted in the brass bed and mattress industries. Upon the conclusion of his address, Mr. Hoover received a rising vote of appreciation from the secretaries and every evidence of their ready desire to contribute their share of cooperation in the Commerce Department's program.

Special meetings of the N. A. C. O. S. officers were held at the Washington Hotel from time to time, including the Board of Directors, the Placement, Program and Finance Committees, the Board of Managers of the National School for Secretaries, and the Committee on Cooperation with the National Chamber. Secretary John E. Northway, of the N. A. C. O. S., was kept busy every moment in making provision for these meetings.

## Commerce Secretaries Busy

CHAMBER OF COMMERCE secretaries were much in evidence at the sessions of the Annual Convention and they participated actively in all general and group meetings. There were two occasions arranged exclusively for members of the National Association of Commercial Organization Secretaries and their friends which were very well attended. Headquarters for the N. A. C. O. S. were established in a special room on the mezzanine floor of the Hotel Washington, where members registered for the various meetings.

On the evening of the first day of the Con-

vention a special "Town Meeting" dinner was held at the New Ebbitt Hotel with more than 400 persons present. The meeting, which was a very enthusiastic one, was called to order by F. D. E. Babcock, President of the N. A. C. O. S. After referring briefly to important accomplishments during the past year, Mr. Babcock called upon three officers of the Association for reports. Robert B. Beach, Chairman of the Board of Managers of the National School for Commercial Organization Secretaries, told of the interesting plans being worked out for the 1922 session at Northwestern University, and G. Wray

# An Interpreter for World Trade

By A. C. BEDFORD

*Vice-President for the United States of the International Chamber of Commerce;  
Chairman of the Board, Standard Oil Company of New Jersey*

FACT which emerged into vital pre-eminence upon the conclusion of peace was that the United States had become the great creditor nation of the world, and that our trade relations with other peoples were hereafter to assume a prominence never before experienced. This involved a reexamination of our international trade relationships, and made it essential that we should depend not alone upon treaties of peace, but that we should establish personal contacts with the representative business men of other countries, with a view to laying a foundation of understanding which should make our enlarged trade relationships a source of benefit not alone to ourselves, but to all the world.

As a guide in setting forth upon this new world voyage of ours, we had the invaluable experience of the Chamber of Commerce of the United States. The formation and development of this Chamber had shown that business men might consult and cooperate with a view to making their collective experience and advice of value to their own government, as well as to the public

opinion of the country as a whole. Hence the very natural question arose, why could not this same principle be applied among the business men of the nations, to the end that the collective experience and advice of the business men of the world might be placed at the service of the governments of the world, as well as at the disposal of the public opinion of all the peoples.

Such are the events that led to the formation of the International Chamber of Commerce.

In addition to reforms directly intended to improve the currency and exchange situations, such other problems as export credits, the obstacles to import and export credits, protection of industrial property, fair treatment of foreign banks and of foreigners as to taxation, technical aid to industrial organizations, and the subject of improving transportation and communication facilities generally have been studied by the International Chamber, both in open meetings and in detail by committees of experts on the various subjects. Such reforms as could be accomplished by its own offices or through appeal to public

opinion have been prosecuted with gratifying results. Those which required action on the part of governments have been submitted to the governments concerned in the form of concrete requests for such necessary action.

Realizing the vital necessity for these reforms the governments concerned included all the foregoing measures of economy in the agenda for the conference at Genoa. Acknowledgment of the preliminary work of the International Chamber of Commerce on these subjects was made by the leaders of the nations participating.

The French Government in preparing for the Conference at Genoa requested the cooperation of the French National Committee of the International Chamber of Commerce in selecting a delegation; twenty-two men recommended by that body are on the French delegation today.

Italy, upon whose efforts in compiling the preliminary data the success of the conference in its relation to technical matters depended to a great measure, turned to her National Committee and received invaluable assistance on the subjects in question.



Today, despite all the disappointment at failure to effect major results, the sponsors of the Genoa Conference can point to real accomplishments. While the political leaders have been busy with the discussion of national policies and the bickerings and disagreements resultant therefrom, the solid value of the Conference has been developed, remote from the limelight, by the various commissions appointed to study special topics.

Four such commissions were appointed at Genoa. One, which may be eliminated from the economic point of view, had to do with the political phases of the conference. That is the one that has mainly failed, thus reflecting the wisdom of our President and Secretary of State in refusing to be represented there. The other three, Finance, Commerce and Transport, are those from which the business men of the world expect greatest results, despite the fact that they do not receive publicity.

Finance has been under the able leadership of Sir Robert Horne, Chancellor of the Exchequer, the great British financier who took such an active interest and part in the first annual meeting of the International Chamber of Commerce. Recommendations for the stabilization of exchanges through balancing of budgets, etc., emanated from this commission, and with them have come others urging a financial conference to coordinate a credit policy among central banks to avoid the fluctuations in the purchasing power of gold. That conference is also to attempt a coordination of policy between Europe and the United States of America without which "no scheme for establishing the purchasing power of a monetary unit could be effective."

#### Paper Currency Problem

ANOTHER useful recommendation from the commission is to the effect that governments of countries having a depreciated and depreciating currency make recognition of that fact by devaluing the standard and no longer keeping up the pretext of the old relation to gold. In that, again, the policy recommended by the International Chamber of Commerce is approved by the conference.

The Commerce Commission at Genoa has been studying the subject of export and import tariffs in relation to international trade. The action of the International Chamber of Commerce, in recommending to the various governments sound policies in these same matters, has, in many cases, already produced salutary results.

Under the activities of the Transport Commission at Genoa, it is of particular interest to note that the question of an equipment Association, proposed by the American delegates to the London meeting of the International Chamber and received with approval at that meeting, has been offered by the commission as the solution to the transportation problem of restoring European trade to its pre-war efficiency.

When one attempts to realize the magnitude of the national debts arising out of the war, and then considers the fact that the present production of the world is able to pay interest only on the pre-war debts, and that, as a matter of fact, no substantial provision has yet been made for liquidating any of the war debts, one cannot fail to realize the fact that the solution of the problem of the world's economic reconstruction has not yet been seriously undertaken.

The International Chamber of Commerce, through its activities and its annual meetings, offers to the nations of the world opportunities for real economic conference—gather-

ings at which the business men of the world can discuss, without hindrance of politics, the solution of just these great problems.

We are sailing in uncharted seas, and new soundings must be made. But I believe we are making headway, and that, as prejudices and animosities recede, we shall be able to deal effectively with these problems with ever-increasing confidence and assurance of success.

In closing I should like to pay my tribute of thanks, as chairman of the American Section of the International Chamber of Commerce, to the officers of the United States Government who have so helpfully and earnestly aided us in our efforts, first, to establish the

International Chamber, and, having established it, in our effort to make its work a success.

None have given us more wholehearted cooperation and assistance than our Secretary of State, Mr. Hughes, and our Secretary of Commerce, Mr. Hoover, and I venture to say that the experience of business men having widespread international relations during the past year or more, has made it clear that in the working out of these difficult questions along sound lines, we may count with unreserved confidence upon the support and intelligent cooperation of those now in charge of the policies of the government of the United States.

## Resolutions of the Convention

### No. I.—Representation of the United States on Reparations Commission

THE MOST important problems affecting the restoration of international trade are financial in character. The Reparations Commission exerts a greater influence over the solution of these problems than any other single agency in the world.

Under the treaty entered into between the United States and Germany our nation may exercise the right to official representation on the Reparations Commission, which right it has not as yet asserted. The United States Government and many of its citizens have large claims against Germany which are inextricably involved with the whole reparations problem. The decisions of this commission will exert a controlling influence over the development of any plan of international finance looking toward the negotiations of international loans and the greater stability of exchange. Such decisions will also inevitably affect the development of the purchasing power of the principal nations of the world.

Recognizing the handicap under which our Government is now laboring without any au-

thoritative voice in the far-reaching decisions of this important world agency, the Chamber of Commerce of the United States urges that all necessary measures, including the approval of Congress, be speedily taken to procure for the United States official representation on the Reparations Commission.

### No. II.—International Court

THE United States by tradition and practice stands and always has stood committed to the promotion of international justice through the process of the peaceful solution of controversies rather than through force. Concrete expression was given to this attitude in The Hague Conferences of 1899 and 1907 which were participated in by the delegates of our nation under positive instructions to exert every effort toward the establishment of an international court. Such a court, through the active participation of American statesmen and consistent with the principles laid down by our Government, has now been established and most of the leading nations of the world have recognized and declared their adherence to it. Consistent with the attitude which the United States has always manifested, this Chamber urges that our Government promptly take its place with the other nations of the world in the International Court of Justice.

### No. III.—Settlement of War Claims

THE war claims of the Government of the United States and of many of its citizens against the governments of Germany, Austria and Hungary and their nationals, which are large both in number and in the aggregate amounts involved, constitute an important factor in the adjustment of international financial problems. The prompt determination of the principles which shall obtain in the disposal of the private properties sequestered by the respective governments and the orderly and equitable adjustment of these claims will stimulate greater freedom of commerce and the restoration of trade. Sensible of the complexities of these problems and of the efforts being made by our Government to solve them, the Chamber emphasizes the great importance of speedily developing a plan for the disposal of such claims and urges upon Congress that any legislation which may be found necessary or desirable to facilitate their settlement should be promptly enacted.

### No. IV.—National Budget

THE enactment of such legislation as the Chamber has advocated for a national budget causes us great gratification. Under this legislation there has already been larger accomplishment than the period which has elapsed and the size of the task seemed to make possible. If the spirit which has now



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been manifested continues until the budget system is completed, and the Chief Executive utilizes the opportunity afforded each year to submit a comprehensive financial statement to Congress in a manner which will inform the public clearly upon the Government's financial program, the public benefits which the Chamber has sought in advocating budgetary procedure will be secured to the people of the United States.

#### No. V.—Federal Reserve System

THE banking and currency system has received unremitting attention from the Chamber since its first annual meeting. It is peculiarly appropriate, therefore, that at the Tenth Annual Meeting the Chamber should reaffirm its confidence in the principles of the Federal Reserve System, its firm belief that all of the progress which has been achieved in the seven years of the system's operation should be maintained, and its earnest conviction that no changes should be considered except such as will add further strength and usefulness to the present plan and will continue existing safeguards against partisanship in direction or in service.

#### No. VI.—Merchant Marine

THE Chamber reiterates its advocacy of an adequate privately owned and privately operated merchant marine under the American Flag as a necessary safeguard for the commercial advancement of the United States. To that end the Chamber repeats its recommendations in favor of the aid from the Government which is essential to the maintenance of such a merchant marine. It accordingly asks that Congress expedite consideration of legislation which has in view the accomplishment of these purposes.

#### No. VII.—Ocean Bills of Lading

THE Chamber's interest in bills of lading upon which American commerce moves has been continuous since the Chamber's organization. The Chamber had a successful part in advocating federal legislation which deals with rights and liabilities with respect to bills of lading for goods moving in interstate and foreign commerce. Delegates from the United States participated in the first general meeting of the International Chamber of Commerce and were active in securing acceptance of the method of voluntary action among vessel owners and shippers in arriving at a clear codification of the rights and liabilities which should arise upon bills of lading used for ocean shipments. The need of such a codification has been generally recognized, if there is to be escape from confusion caused by multiplicity in forms of ocean bills of lading, with consequent losses sustained by all classes of business interested. This method of voluntary action has now been used in formulation of The Hague Rules, 1921. The Chamber endorses these rules as representing a step in advance and asks Congress to enact legislation for The Hague Rules with such interpretations as may be deemed necessary.

#### No. VIII.—Transportation Act

THE Transportation Act of 1920 placed in the Interstate Commerce Law enactments which are of high importance, and which were advocated by the Chamber. The Interstate Commerce Act as it now stands should not be amended, and none of its basic provisions should be repealed, until there has been more opportunity for the law to be tested by experience under more normal conditions

than yet exist. Opposition should be continued against proposals for the repeal of such basic provisions of the law as confer upon the Interstate Commerce Commission power to correct intrastate rates that unreasonably discriminate against interstate commerce, and give the commission the guidance of a rule for rate-making intended to secure for the public adequate transportation facilities and services.

#### No. IX.—National Defense

THE Chamber deprecates any tendency to reduce the authorized personnel of the Army and of the Navy below the strength conservatively requisite for the preservation of the national safety. It believes that adequate military preparedness upon the part of the United States is the best continuing guaranty of permanent peace.

It, therefore, earnestly urges upon Congress to provide a personnel for our Army and Navy, with reserve organizations, of sufficient strength to assure such guaranty.

#### No. X.—Department of State

THE leadership of our Government in the conference on limitation of armaments and Far Eastern questions, and the great contributions made by the conference toward peace and in the reduction of burdens of taxation, cause us deep gratification. All such achievements are enthusiastically supported by declarations of the Chamber and of its membership in favor of constructive steps by which governments may unite in the establishment of methods for the prevention of war and the maintenance of permanent peace.

These great achievements by the diplomatic branch of our Government are transcendent, yet the business men of our country are most appreciative of the valuable services rendered to them day by day both by the diplomatic and consular branches of the Department of State. For these services adequate support should at all times be given.

#### No. XI.—Department of Commerce

THE Chamber expresses to the Department of Commerce of the United States its deep appreciation of the splendid services rendered the producers, manufacturers, merchants and business men of the country, not only in collecting and distributing general information respecting commerce, both foreign and domestic, but in cheerfully and promptly complying with every request for information and advice about any particular trade or industry.



#### No. XII.—Damages by Government Vessels

IN VIEW of the wide extension of government ownership and operation of vessels used for commercial and government purposes, the claim of the right of sovereign governments to be exempt from suit for damages caused to privately owned property gives rise to great hardships which are now imposed upon private individuals. Means for the Government's speedy collection of compensation for damages done to its vessels by private vessels very properly exist. Corresponding means should be provided to allow owners of private property to obtain the compensation which by every principle of justice becomes due to them from the Government. There should be action by our Government not only with regard to its own obligation in these respects but also for the purpose of having other governments adopt similar principles as to damages caused by their vessels.

#### No. XIII.—Flood Control

THE national importance of preventing disasters from floods has been emphasized by recent conditions in the Mississippi Valley. To this problem great attention has already been given by the National Government and locally. The works constructed under existing congressional legislation have prevented the disaster of this spring from reaching the proportions it otherwise would have assumed. Action under the present Flood Control Act should continue, and at the same time the Federal Government should institute inquiries to ascertain what additional measures should be undertaken to safeguard the largest area in the country now subject to destructive floods.

#### No. XIV.—Passports and Visas

HIGH fees for passports and the visaing of passports are a burden upon the international travel necessary to commerce. However appropriate in war time, the formalities incident to visas and to police control of passports are now an interference with commerce. Our Government should reduce its fees for passports and visas to a reasonable charge for the service it performs. As promptly as possible, our Government should enter into agreements with foreign governments for reciprocal discontinuance of visa requirements and, when conditions warrant, the complete discontinuance of passport requirements.

#### No. XV.—National School for Secretaries

THE recognition which the Board of Directors of the Chamber has given to the need for training commercial organization executives in the methods and technique of chamber of commerce administration is heartily approved, and the success of the first national school for commercial secretaries, organized by the Chamber and the National Association of Commercial Organization Secretaries in cooperation with Northwestern University, is a cause for much gratification. The second session of this school is to be held at Northwestern University August 21 to September 2, 1922. The Tenth Annual Meeting of the Chamber repeats the recommendations of the last annual meeting, that the constituent members encourage and make possible the attendance of their secretaries at the national school this summer, both on account of the value of the training to the secretary and because of the benefits his organization will receive.



# In the Group Meetings

THE DETAIL work of the convention was carried on at group meetings under the supervision of the different National Chamber departments. We present here a record of these sessions. The limitations of space have forced us to summarize this part of the program.

THE EDITOR.

## Our Finance and Europe's

### Finance Group

AT THE first of the Finance Group sessions Senator Carter Glass spoke of "The Business Man and the Federal Reserve System."

"Some politicians," said the Senator, "say that there was an unwarranted and cruel system of deflation, particularly in the agricultural districts of the United States. The facts as developed by the Joint Commission of Agricultural Inquiry controvert the impudent claim of those politicians who want the farmer's vote, that agriculture was discriminated against in this exigency. As a matter of fact the figures show that the agricultural interests of the United States were liberally favored during this period. There was not twelve months ago a bank in one of these great agricultural states that had not been permitted to extend its line of credit from 50 to 1,636 per cent beyond its basic line. And if there is any criticism to be made of the Federal Reserve, it should be a criticism with respect to its too generous and liberal treatment, rather than to its restrictive measures."

"Before the Federal Reserve Act was put upon the statute books, not for fifty years had either political party in the country enacted one sentence of statutory law that would enable the farmer to go to a national bank and borrow one dime on his soil, no matter how fertile it might be. By statute, by ruling of the Comptroller's office, and by decisions of the courts, the farmer was sedulously excluded from the bank counter, on his real estate. The Federal Reserve System in one sentence of one provision opened up credits amounting, it is estimated, to \$305,000,000 in mortgages alone for the five-year period following the inauguration of the Federal Reserve System; and that does not take into account the millions upon millions of dollars which may be loaned on short time, the ninety-day credits, or the six-month credits. It is rather accurately estimated that during this late exigency aside from the hundreds of millions loaned to the farmers on ninety-day and six-month paper, \$1,800,000,000 was loaned to them through mediums, through other sources, of the Federal Reserve System, and still we have politicians appealing to the agricultural classes in this country which, prior to the adoption of the system, had practically no approach to the banking system at all—appealing to them to challenge the efficacy of a system that loaned them in excess of \$2,500,000,000 in the time of their need!"

"The Agricultural Credit Situation" was the subject of an address by Congressman Sydney Anderson, who is chairman of the Joint Commission of Agricultural Inquiry. This commission, he explained, had analyzed the movement of credits, currencies, interests and discount rates during the period from the beginning of the Federal Reserve System down to June, 1921.

In presenting some of the conclusions which he personally arrived at as a result of the investigation, he said, in part:

The first step in meeting the agricultural credit situation is the same as should be taken to meet the industrial credit situation and that is, as far as can be soundly done, to make eligible to membership in the Federal Reserve System a larger proportion of the present non-member banks; and, second, to induce the eligible non-member banks to become members.

An essential of any new agricultural credit machinery is the establishment of a bank of discount which will accept for discount agricultural paper having maturity of more than six months. There is also apparently a need for the development of additional machinery to meet the commodity loan requirements of cooperative associations.

W. T. Abbott, vice-president of the Central Trust Co., Chicago, who, until recently, was General Dawes' assistant in the Bureau of the Budget, discussed the "Progress of the National Budget System."

With regard to economies effected, Mr. Abbott made the statement that the reduction accomplished is all from the ordinary expenditures for operation of the routine business of government, generally subject to executive control.

"Of the total estimated expenditures for 1923 of \$3,505,000,000, over \$2,000,000,000 is outside of any control of the Budget Bureau, being either expenditures fixed by Congress not subject to modification by executive control, investment of trust funds, or interest and reduction in principal of the public debt, and other expenses growing out of the war which must necessarily be paid. The proper basis of any percentage comparison, therefore, is not against the total estimated expenses of 1922 of over \$3,900,000,000, but the reduction is really from the ordinary expenses of the routine business of government which, for 1922, as revised in March, was \$1,765,000,000, a percentage of reduction, therefore, of substantially 27 per cent instead of the apparent reduction of only about 12 per cent."

"Redistribution of the World's Gold Supply" was the subject of an address by Harold G. Moulton, professor of economics in the University of Chicago.

Professor Moulton declared that it was useless to expect European reconstruction so long as the present currency situation exists. "The prime need," he said, "is re-establishment of the gold standard. There are two ways to secure it; one is to fix a new value for the mark, franc, kopek, ruble, etc., a value, for instance, of the franc of one-half its pre-war value, but that amounts in effect to partial repudiation."

"The better scheme," he thought, "is to call for a redemption of the outstanding paper currency at some agreed ratio, much as we

redeemed our outstanding Colonial currency at the rate of 100 to 1. When redeemed this would not be reissued. Some currency would be issued that is exchangeable for gold and only as many units in paper as can be redeemed at the option of the holder."

Professor Moulton does not think that for the United States and neutral countries individually to lend gold to other countries would solve the problem, but might make the situation worse, since there would be no unified control. He does not believe that to establish a great international bank with a large gold reserve, as has been proposed, and proceed to issue a new currency for all the countries of Europe, would, as a separate thing, accomplish any good.

"I believe," he said, "that redistribution of the gold supply must be done through uniform action of the central banks of the leading countries. That is the best mechanism that exists for the purpose. Through united action of these banks this gold might be physically redistributed or else pooled for the restoration of sound currency in various countries. The forthcoming meeting of the managers of these banks is full of promise."

"Treatment of Allied Debts to the United States Government" was discussed by Fred I. Kent, vice-president of the Bankers Trust Company of New York.

### The Powers of the Treasury

MR. KENT said that if the Treasury Department was authorized to cancel a part of the allied indebtedness, perhaps that portion spent for purely war purposes, it could do so without developing the slightest friction with other nations since it would be in a position to make decisions from which there could be no appeal and it would be a voluntary act on the part of this country. He believed it would be entirely in order for the Secretary of the Treasury in carrying out such operations to do so in cooperation with interested foreign governments along lines aimed to better the general European economic situation.

"Aside from the moral phase of the matter," he said, "in the last analysis the question of whether the inter-allied loans shall be paid in whole or partly canceled is the question of who shall bear the taxation. At first thought it might seem that cancellation of any part would result in transferring the taxation necessary to meet such amount from the European countries affected to the United States. The probabilities, however, are very much against such a development in the net."

"If cancellation," he reasoned, "of, say, 60 per cent of the allied indebtedness should result in an increase of business in the United States that would carry an increase in the average yearly income of the people, our Government would receive a greater return in taxes without increasing the rates of taxation and a larger net income would be left to the people for expenditure and investment. Or, to put it another way: If we should cancel \$6,000,000,000 of the allied indebtedness to us and the income of our people on that account should be so increased as to result in a 10 per cent increase in the receipts from taxes by our Government, on our present taxation, not figuring interest either way, the \$6,000,000,000 would be made up in twenty years and the average net in-



come of the people would be greater than it is now.

"The real question, therefore, from the standpoint of taxation is whether such cancellation would increase the business of the people of the United States."

In an address upon the subject "Important Financial Legislation—With Special Reference to the International Exchange Situation,"

## The Need for an Export Science

### Foreign Commerce Group

CONFIDENCE in the ability of American exporters to compete abroad, even in the face of adverse conditions, was expressed by all of the speakers at the Foreign Commerce Group Session under the chairmanship of Willis H. Booth, vice-president of the Guaranty Trust Company of New York. Such ability to compete, however, must be predicated upon sound business handling of the many export problems confronting American trade and upon the entrusting of our export ventures to organizations and individuals that have had hard practical experience and that are free from the amateurish tendencies which were in evidence in the days of "easy exporting," during and immediately after the war.

Declaring that practically all nations today are seeking a place in the economic sun—except the United States—M. A. Oudin, vice-president of the International General Electric Company of New York, protested against the selfish nationalism which today stands as a definite obstacle to the revival and development of international trade. The world today is one single trade unit and must look to generous cooperation of its traders and governments for prosperity. Calling attention to the value to the United States of an export outlet for its surplus manufactures, Mr. Oudin remarked, however, that an excess of exports over imports is not an unmixed good. The payment of the vast debts owing to the United States must come through increased production by foreign countries and we can look without fear, said Mr. Oudin, upon importation into the United States of such foreign-made merchandise. He urged the buying of the services of an expert in export trade as the first step to be taken by any organization endeavoring to build up a foreign business and he warned against the extension of credit without proper safeguards, remarking that in the past credit in many foreign countries had been extended by American exporters with too little discretion.

We are too apt to look upon German competition as a matter of statistics purely, stated Mr. F. H. Taylor, president of the S. S. White Dental Manufacturing Company of Philadelphia. We are falling short of the mark if we do not also analyze German competition from the "mental and moral" point of view. The Germans, while defeated, are the same as they were before the war—there are fine-grained Germans of the old school, who are still as sound as the dollar, and there are the Germans with whom we used to deal with care and with whom we must now deal with still more care. Mr. Taylor, who recently returned from a visit to Germany, made special point of the German willingness to work and the manner in which increases in German wages have lagged behind increases in actual costs, and particularly behind increases in international prices of German goods. But there is in Germany, he said, a temptation to overlook quality, to sell the goods first and then make material

Congressman L. T. McFadden, chairman of the House Committee on Banking and Currency, reviewed the causes for instability in the foreign exchanges, denied the value of proposals for artificial stabilization of the exchanges and discussed the foreign debt-funding measure, agricultural credit situation, the evils of tax-exempt securities and other items of recent or proposed legislation.

which will fit the price. Furthermore, capital is drawing away from industry. Industry as a whole is not adequately taxed, a condition which cannot be permanent.

The influence of the German cartels is as strong as ever, and the old characteristics of the German trader are still in evidence. Among these characteristics is the timidity of the German seller to name a final price, preferring to let his competitors make their final bid and then underquote that bid wherever possible. There is an undervaluation, on the part of German merchants, of the importance of goodwill abroad and of the strength of competition.

Mr. Taylor thought that, as a rule, the German sells too low and buys too high. He is still under the handicap of the old German obsession that Germany is the one country which has applied science adequately to industry. The German is keenly out for trade and, with all of his old peculiarities, is a factor with whom reckoning must surely be made. The answer is that American exporters must match not only the German but other European peoples in industry and commercial skill. Competition, rather than being considered a hateful thing, should be looked upon as the training ground for American young men preparing to take over the export problems of the present and the future.

Owing to the illness of Daniel Lindo, secretary of the Hagemeyer Trading Company, New York, his paper upon the "Importance of the Export Commission House in 1922" was read by William H. Douglas, of Arkell and Douglas, New York, N. Y. Mr. Lindo stated that the export commission house is still, and always will be, an important factor in our export and import trade and stands ready to prove its actual value and its potential strength to help calm present disturbed international trade relations. Through the work of the American Exporters and Importers Association the export commission house during the past six to ten years has become better understood. Subsequent to August, 1914, with the large expansion of mercantile enterprises, many undesirables crept into the ranks of the professional exporter as into the ranks of other businesses. With the recession in prices, these quickly constructed and ill-managed organizations disappeared as quickly as they came. The unqualified have been largely eliminated, leaving the well-qualified concerns stronger than ever before.

Surveying the great markets of the future for American staples and specialties, Dr. Julius Klein, Director of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, brought into relief the main factors at present affecting our exports and discussed possible future developments which might affect the permanency or direction of our exports:

In superior quality and prompt delivery and even more in the acknowledged reputation for square dealing and honest service lies the secret

of America's ability to carry on in the world markets despite exchange difficulties, low European production costs, unfavorable foreign tariff policies and other supposedly unsurmountable economic barriers, supremacy in foreign trade, as in domestic trade, rests ultimately upon the basis of a superior industrial organization. Back of all our efforts in overseas markets we must have, first of all, the ability to produce more goods of salable quality than our rivals. Our industrial leadership has long been established in a number of important commodities of international commerce, even though that leadership has not been generally appreciated.

Taking the status of the United States, United Kingdom and Germany in the years just before the war, we find that in such basic commodities as coal, pig iron, steel, leather, boots and shoes, and electrical machinery, our annual output was considerably in excess of the combined production of our two great rivals. In cotton manufactures we were rapidly threatening the leadership of England in total production when the war broke out.

England owed her mastery in foreign trade to her superior productive capacity which grew out of her pioneering experiments with the factory system. Similarly our present leadership in the world's trade is based upon our enormously stimulated productive capacity. This explains very largely the fact that our export trade is considerably above that of the last normal pre-war year.

On the subject of the general business outlook and prevailing conditions in Europe, Latin America and the Far East, Dr. Klein said:

The European outlook as a whole is favorable. Basic tendencies founded on the stabilization of finances and currency show considerable improvement. The gradual recovery of sterling which is only 10 per cent below par and strengthening continually, the efforts made by European countries to balance their budgets and their trade items, with the resultant stabilization of exchanges, gives a much better tone to the trade generally. Pressure being brought to bear on Germany, compelling that country to balance her budget and eliminate subsidies to industry, will greatly reduce her former advantage from an underselling standpoint. There has been a distinct upward trend in American exports to Europe during the past two months, although it is too early to prophesy definitely as to the permanency of these increases.

Indications of a slow but steady return to normal characterize the business situation in Latin America. Upward trend of world's wheat prices, continued betterment in the cacao industry, recent sales of nitrates, increased coffee demand, flotation of several important loans, and a steady betterment of sugar prices during the past several months are all distinct economic improvements.

Referring to conditions in some of the countries of the Far East, the Director declared that a decidedly more optimistic tone is in evidence.

Dwight T. Farnham of C. E. Knoeppel and Company, New York, traced the foundation of the tremendous "vertical trusts" in Germany, which are combinations of factories furnishing all the things necessary to the completion of a given product; for example, in the case of automobiles the "vertical trust" would also include foundries, blast furnaces, iron and coal mines, etc.

He spoke also of the development of large federations of manufacturers in England and the introduction of methods of scientific management in other European countries. In conclusion, Mr. Farnham said:

Our problem over here is to keep our industries in operation, to keep our labor continuously employed, to make it possible for all of us to





## From the Pacific Coast to Central Europe

*How the prompt action of a large National Bank made possible an important transaction by eliminating delays and uncertainties*

AN American exporter on the Pacific Coast had received a large order from a certain foreign concern. A profitable transaction was in sight, yet there was lack of assurance as to the buyer's credit and the element of time was important.

The exporter put the matter up to the Irving's Foreign Department. Cable connections were established with the Irving's representative in the foreign capital. The credit standing of the concern was promptly ascertained, and with complete assurance the American exporter closed the deal.

The service of the bank was not only in securing credit information, but also in eliminating the risks of

delay which might have proved fatal to the transaction.

Pre-eminently commercial for over seventy years, the Irving National Bank has built up many highly specialized departments—all designed to make its customer's dollar more powerful by speeding up commercial transactions.

The Irving's special Bill-of-Lading Department is organized to trace railroad shipments, to locate freight cars on arrival at terminals, to eliminate every sort of delay in releasing capital invested in goods in transit.

Quick, accurate service in collections, in transfer of funds, and in securing credit information abroad, is assured through the Irving's correspondents or special representatives in more than 5,000 foreign cities and through direct cable connections with every trade center in the world.

# IRVING NATIONAL BANK

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pay our bills and to maintain reasonable earnings from the invested capital of America. The remedy lies in the encouragement of such measures as will drive exchange back to normal and restore the economic balance of Europe; in the progress in the art of international

thought and negotiation, which only knowledge of world facts gathered at first hand can give; and in the firm resolve on the part of every unit in our vast industrial organization, to assume personally the responsibility for the success of our enterprise.

## Europe's Transportation

### General Transportation Session

**A**LL TRANSPORTATION GROUPS convened on May 17 to discuss this subject. "Comparative Transportation Conditions, Europe and America," were first sketched by Frederick Delano, engineer, railroad president, banker, and traveler. Mr. Delano sketched briefly the case of American railroads, their fortunes and misfortunes, culminating in the excellent piece of legislation, the Transportation Act of 1920. For the future of the American railroads the field is certain, for "while our population has doubled in the past forty years, our passenger travel has increased sixfold and freight movement tenfold," all of which argues for a very broad future policy in our transportation development.

Highways and waterways come into the picture, and while Mr. Delano does not see much economic merit in waterways generally (because they cannot take the peak load), motor transport is more flexible than the railways and will have a field, especially if the public supports road building. American genius for developing economies and labor-saving devices will tend to overcome the handicap of our higher standard of living in foreign competition.

Turning to Europe, Mr. Delano emphasized the fact that France, in spite of war pressure, did not find it necessary to take over her railroads, but rather commandeered their service and compensated them handsomely after the war. The great difference between European and American railways is that they were built not as a prime necessity (as in America) or to open up and knit together a great continent, but solely as an addition to other means of transportation. British railways were built with little or no government aid and, while taken over during the war were, upon return, compensated for deficiencies in upkeep and rates raised proportionate to the decreased purchasing value of the currency. The only remaining French state railway is to be sold to private operation. Belgium railways are largely state owned.

"European Water Carriers; Their Relative Function in the Transportation Scheme," was presented by Dr. Roy S. MacElwee, Dean of the School of Foreign Service, Georgetown University.

The great inland waterways of Europe are the Rhine system, the Elbe-Spree-Order system of central Germany, the Danube system, and the Volga-Don and Dnieper systems of the Ukraine, also those of France and Belgium feeding the seaports. In France, Belgium and Germany alone there are 7,433 miles of waterways for commercial navigation. Dr. MacElwee pointed out that water traffic during twenty-five years before the war increased faster than railway traffic. Waterways carried approximately 20 per cent of the total tonnage, a large proportion of which was low-grade freight, the rate spread ranging as much as 60 per cent below rail rates. Standard barges are from 300 to 500 tons but on the Rhine are from 1,000 to 3,000 tons. An interesting fact brought out by Dr. MacElwee is that the port of Duisberg, at the head of the Rhine deep water navigation, had a water traffic of 125,000,000 tons in 1912. At Mannheim, the

transshipment port at the head of the middle Rhine, nearly 6,000,000 tons, by far the largest part of the inbound freight, came up the river by boat and was there transhipped to rail for inland distribution, the total movement in 1911 being over 13,000,000 tons rail and water.

"The Problem of Southeastern Europe, and the Portoroze Conference," presented by Col. Clarence B. Smith, U. S. A., concluded this discussion of the European situation. Colonel Smith was the unofficial representative of the United States, first on the Austrian Section of the Reparations Commission, and later instrumental in the successful outcome of the Portoroze Economic Conference, which produced remarkable results in creating a practical entente between the harassed states forming the "cockpit of Europe"—the Balkans and the states of the Austrian Succession. As a good American he was much impressed with the hodge-podge of jealousies, ambitions and restrictions, and the fact that these states were rapidly drifting into commercial stagnation and chaos. This conference, therefore, is in some degree tinctured with American methods and holds out the hope that its experience may be of value elsewhere in Europe.

Prior to the war, through rail shipments were made possible by agreement between these state railways (except where the gauge was different, as in Russia). Mutual car agreements had been in vogue, i. e., reciprocal relations as to transit, prepayment of freight, etc. The war disrupted this whole system and added inconceivable difficulties due to inflated and fluctuating currency, tariff walls, political

and language differences, etc., etc. Car hoarding ensued with a complete stoppage of circulation at the borders. To make matters worse, Roumania had commandeered from Hungary after the armistice 30,000 to 40,000 freight cars and locomotives, much of which equipment lay idle on Roumanian sidings. A freight shipment from Prague to Trieste now has to pass two or three national boundaries, with cash prepayment at each, and many shipments in this region undergo four to six customs examinations. Dilapidated conditions of the rolling stock, lack of discipline and shortage of fuel added more obstacles to interstate commerce, with freight rates very much greater than pre-war.

This impossible situation could be illustrated by what would happen if our six New England states should suddenly declare themselves sovereign and independent nations, should seize all the rolling stock within their boundaries, and should Massachusetts, by force of arms, seize a large part of Connecticut's equipment, and in addition should there be different languages, intense national feeling and hatred between neighboring states, and immense economic difficulties of a general kind.

But the Portoroze Conference made a good start toward dissipating this gloomy picture. It wisely avoided legal and technical pitfalls and succeeded in developing a practical method of mobilizing the rolling stock for commercial service. Ultimate disposition of ownership was waived by agreement, in favor of immediate operation, interstate car debts also to be settled by agreement. Car rentals were to reflect existing holdings without prejudice to final allocation. Cars claimed as booty of war, to be provisionally marked and later allocated. Cars taken by the Central Powers and foreign countries pending decision as to ownership, to remain in domestic trade of those countries. Passenger and baggage cars to be provisionally marked and put into circulation, privately owned cars being restored to former owners. And finally, all technical details were left to a committee of experts, repairs to rolling stock to proceed under the conference agreement.

Thus car circulation has become a reality and frontier restrictions minimized; border stations have been opened, and export, import and transit shipments forwarded.

## The Hague Rules, 1921

### Merchant Marine Group

**T**HE ADOPTION by the annual meeting of a resolution recommending legislation to make effective The Hague Rules, lends added interest to the discussion of the rules had at the merchant marine group which convened at the City Club on the afternoon of the 16th.

The formal addresses upon the subject were made by Charles S. Haight, admiralty lawyer of New York, chairman of the Committee of the International Chamber on Bills of Lading, and F. H. Price of New York, export agent of the Millers' National Federation, supporting the Rules, and by Charles E. Herrick and C. B. Heinemann, both of Chicago, respectively chairman of the Traffic Committee and vice-president of the Institute of American Meat Packers, in opposition to the Rules.

The Hague Rules is a code of regulation designed to promote uniformity in the terms of ocean bills of lading. The code was formulated at a meeting of the International Law Association sitting at The Hague last September, and since then has been widely adopted in England and on the continent and to a considerable extent in the United States.

Mr. Haight, after referring to the chaotic condition of bills of lading in current use, to

their variability and changeableness and to the necessity of a systemization of such documents, pointed out that heretofore the shippers' complaint was based mainly upon the \$100 limit of liability for lost or damaged packages, the limited period within which claims must be made and the many exceptions to ordinary liability which bills of lading contained and which made it so difficult for the shipper to prosecute his claim for damages. All this has been changed by the Rules and to the advantage of the shipper. A further objection to present practices lies in the fact that the lack of uniformity in the laws makes a bill of lading perfectly valid in one country, but invalid in another. No one nation can dictate to another in this matter, and since in all export shipments there are at least two, and usually five, nations involved, a proper system governing the carriage of goods in international trade can be effected only through international action. This the general adoption of The Hague Rules will accomplish. And after all the Rules are nothing more than a codification of our own Harter Act. Under the Rules the carrier will be liable for everything for which he is liable today.

The chief objection to the Rules seems to lie in the claim that the Rules cover only that part of the carriage between receipt at ship-side and discharge, that is, from tackle to tackle. But this objection seems to disregard



# Building a Foundation

We've been at it in the Seiberling Rubber Company now for six months. Not a man in this organization has been watching the clock.

We began with determination to work as we never before had worked and to produce better products than we ever before had produced—in over twenty years of rubber manufacturing.

During these first months we have built a foundation on which is rising the three-fold structure of a satisfied factory and sales organization, a dealer group which is making a decent living, and a consumer clientele which is buying highest quality tires at prices based on manufacturing and distributing efficiency.

We have today an established business; we have two thousand high-grade dealers; there is a feeling of real friendship and co-operation between those dealers and the Seiberling Rubber Company; they have unanimously endorsed our policy and our product, and they are selling our tires as fast as our factory can deliver them.

What better evidence could any business have that one who builds a good product, works as hard as he can and considers the other fellow's interest need have no fear of inadequate reward?

SEIBERLING RUBBER COMPANY, AKRON, OHIO

*H. A. Seiberling*  
President.

# SEIBERLING CORDS



*"A Tire That Will be  
Known Everywhere"*





the fact that the carrier's liability begins with receipt and continues until delivery, except that the carrier's liability outside the ship is that of warehouseman. In view of the fact that 48 of our states have warehousemen's acts differing more or less, as do the laws of foreign countries upon the same subject, it did not seem practicable to include at the beginning of this reform an attempt to bring about uniformity in the regulation of warehouses. That may come later. Meantime, The Hague Rules have left the law just as it is at every loading port. Treating broadly the matter at issue it may be truly said that when The Hague Rules go into effect the shippers, the bankers, the underwriters, the ocean carriers will be able for the first time in history, to deal with a bill of lading that definitely determines the risks involved. In order to accomplish this result it will be necessary, so far as the United States is concerned, to amend the Harter Act at three or four comparatively unimportant points. These principally relate to relieving the carrier from liability in respect of extra-hazardous cargo, to permitting the carrier to make special terms in regard to special cargo, salvaged cargo for instance, except that for such cargo a negotiable bill of lading may not be issued.

In concluding, Mr. Haight admitted that three or four of the Rules could be changed to advantage, and that such changes would be effected.

Mr. Herrick began his discussion of the subject by inquiring, if the Rules gave to the shipper the protection the proponents claimed, could anything be more natural than that he, a shipper, would be one of the first to clamor for them. He continued:

It is acknowledged that the Rules cover only the short period from ship's tackle to ship's tackle. But the shipper is interested from the moment he loses possession of his goods, from the moment they go into the custody of the carrier until they are delivered to the consignee. The issue has been clouded by not differentiating between a through bill of lading and a bill that might be issued under The Hague Rules, and it is believed that those who have approved the Rules have done so because of this fact.

### No Penalty for Violation

IN return for the Rules we must dispense with the protection which we have had for nearly thirty years under the Harter Act. So far as the speaker knew there was no law that legalized an agreement that was indefinite in terms, without limitation as to period of effectiveness and without penalty for violation. The Hague Rules are a coat that can be put on or taken off at the carrier's convenience. Uniformity is desirable in documents covering shipments moving to and from the United States, but it is not desirable to give up our legal protection here in order to secure uniformity in documents covering shipments from Hong Kong to Vladivostok. Again, what is proposed is not a through bill of lading. It does not cover the goods when they are on the dock or lighter awaiting delivery to the ship or to the consignee, the period during which most losses occur. It does not seem as though this period could be called a warehousing period; therefore, the carrier's liability should extend for a reasonable period beyond that contemplated by the Rules.

Further objections to the Rules are:

That there is no limitation as to cargo that can be put on deck, which, of course, enters into the question of insurance.

That the carrier may refuse to issue a bill of lading conformable to the Rules, or accept only certain kinds of shipments subject to the Rules.

That the carrier who selects his employees attempts under the Rules to transfer to the shipper losses occasioned by the acts of such employees.

That the carrier is not bound to keep his ship seaworthy throughout the voyage.

That although the Rules provide that the carrier shall provide for the proper stowage, etc., of cargo, and although a hold might be prepared for a particular kind of cargo, that does not obligate the carrier to stow such cargo in that hold.

That although the goods may be under the carrier's control he is not compelled to issue a bill of lading until the moment of attachment to ship's tackle. That the shipper is asked to guarantee that the marks shall remain legible until the end of the voyage, notwithstanding that it would be practically impossible to put on marks that could be guaranteed to remain legible to the voyage's end.

That the carrier may say the goods delivered do not conform to the notice of shipment and upon that ground may refuse to issue a bill of lading; that in respect of bulk cargo, although the carrier may satisfy himself that he has received a certain quantity of bulk cargo, the shipper who claims damages is bound to prove number, quantity or weight of cargo actually delivered, a requirement that does not apply to package freight.

That unless written notice of a claim for damages is made by the shipper before the removal of the goods, such removal shall be *prima facie* evidence of delivery, which is in marked contrast with the provision of the Interstate Commerce bill of lading which allows thirty days for notice, unless damages to the shipment are apparent when the shipment is removed.

That in respect of bulk cargo, although the carrier may satisfy himself that he has received a certain quantity of bulk cargo, a claimant is bound, notwithstanding the bill of lading, to prove the number, quantity or weight actually delivered.

What is known under the Rules as "received for shipment bill of lading" for which there seems to have been no demand and which will no doubt necessitate rewriting the form of contract on many C. I. F. sales abroad.

The provision of the Rules respecting the shipment of inflammable goods is an important one, while it is proper that the carrier should be protected in respect of dangerous goods, the nature of which has not been disclosed to the carrier, if the carrier accepts shipments of lard, for example, which under certain conditions is very inflammable, but which is being carried on ships every day to every port of the world, I do not see why the carrier should exempt himself from liability and place that liability upon the shipper if some of the lard should get on fire, because the practical result would be that shipper of lard would be obliged to insure the ship and cargo in order to protect himself.

Mr. Price, who was the next speaker, began his remarks by saying that, contrary to the opinion of the last speaker, The Hague Rules will not operate to repeal the Harter Act, and that as to deck stowage it is evident the stowage of certain kinds of cargo on deck is not proper stowage, pursuant to the exercise of due care and diligence, and would come under the condemnation of the Harter Act.

It is practically clear that when cargo is left in the custody of a carrier prior to loading or after discharging the carrier is liable for the safe custody of cargo as warehouseman, under the warehouse liability law of the country where the operation takes place. It is known to all American shippers that railroad companies stipulate in their bills of lading that with respect to such merchandise they shall be liable only as warehousemen. But the opponents of the Rules desire that the ocean carrier shall assume a larger measure of responsibility as warehouseman than is imposed by American law on railroad companies when they act in that capacity.

The distinction between rail and ocean carriers in this matter appears a little clearer

when it is recalled that the law requires rail carriers to maintain terminal warehouses, while there is no law imposing such requirements upon ocean carriers. The distinction between the warehouseman's and the carrier's liability is that under the common law the warehouseman is liable only for the results of his negligence, while the carrier is treated as insurer who guarantees the performance of his contract unless prevented by the act of God, etc. This liability has not been found to work out satisfactorily because steamship companies are not acceptable as underwriters against loss arising from perils of the sea; neither are most steamship companies sufficiently strong financially to become insurers, nor are they able to insure as low as regular underwriters. It is because of this fact that steamship companies contracted themselves out of a larger measure of their common law liabilities which oblige the owners to look to the insurance companies for protection.

In recent years this habit of contracting out of liability has been carried too far. Shippers and cargo underwriters have, therefore, contended that the provisions of the Harter Act were not sufficient; that the carrier should be required to accept liability for more than \$100; that they should be required to allow reasonable time within which to make claims for damages; and that the carriers should see to it that the goods were not stolen while in their possession. Legislation to effect this purpose would present hopeless difficulties. It was necessary, therefore, for cargo interests to realize this fact when seeking relief from present conditions.

The Hague Rules have been accepted by the International Chamber of Commerce, the American Institute of Marine Underwriters, the American Foreign Trade Council, the Millers' National Federation and many other important associations, and are understood to have practically the unanimous approval of bankers and underwriters both here and abroad, and they are offered to American shippers for their consideration.

The Rules represent the consensus of international cargo interests as represented at The Hague, and for that reason were unanimously accepted by the International Conference of Steamship Owners which met in London last November. It is well for cargo interests to examine the Rules from a practical standpoint, rather than in a critical spirit of condemnation, because every question which a shipper may ask is not disposed of in this single short document.

### Increased Liability

IT IS to be noted that the Rules increase the liability of the carrier from \$100 to 100 pounds sterling, and that without "pro-rating"; that they grant a year within which to file claim or bring suit; that they omit the heretofore customary pilferage exemption, thereby making the carrier's liability for pilferage in the same manner that they are liable for short delivery; that the delivery of goods in apparent good order is no longer conclusive as against the receiver as heretofore, but is merely *prima facie* evidence of good delivery, that is, the receiver even after giving "an apparent good order" receipt at the ship's side, may still allege ship damage and bring suit at any time within a year; that the Rules also require proof of full delivery of bulk cargo where claim is made for short delivery. Grain and coal are loaded into a ship from elevators and cannot be tallied by the ship's officers in such cases. If shortage is claimed it would seem that the ship is entitled to prove as to the quantity loaded.

In respect of the "received for shipment" bill of lading, it has been urged that this has the effect of forcing the interior shipper, who has no seaboard agency, out of the export business, and that it will force the discontinuance of the through export bill of lading; but an "on board" bill of lading at the port of export or a "received for shipment" bill of lading may be issued. This provision, there-



ture, is intended to assist the interior exporter. It provides a way of using the through export bill of lading which is essentially a "received for shipment" bill of lading, and permits also the use of a port bill for those who export directly at and from the port. In this I see a great deal of practical assistance to interior and seaboard exporters.

The speaker said it was impossible for any country to hold a water carrier liable as it might in the case of a land journey. There can be no comparison between the railroad journey from Chicago to New York, of which one part shall be under carrier's liability and the other not. The journey about which we are talking starts from one port in one country and ends at another port in another country.

As regards keeping a vessel seaworthy time may not be wasted on that question. A vessel is required to be seaworthy.

The last few years (the speaker said) he had handled a vast number of carriers' liability claims, and he was convinced that under the present bills of lading only about 10 per cent of the claims are collectable—because of some special limitation. But under the Rules he was convinced that the carrier would exercise far more care, since he is held for more damages and will pay more money per claim and pay more claims.

Mr. Heinemann made the concluding address, speaking against the Rules:

He stated that the impression that everyone favored the Rules was an error, and proceeded to read a list of organizations, both in the United States and England, that had declared against adoption, including in the United States the National Industrial Traffic League. The resolution of the committee of the American Bankers' Association endorsing the Rules which invites proper interpretation of the Rules in any legislation by Congress to make the Rules effective, he said, was exactly what he wanted. He also called attention to the resolution of the National Association of Manufacturers which approved the Rules as a practical step forward, but not as a substitute for desirable legislation fortified by international agreement. Mr. Heinemann said his opposition was not to The Hague Rules as such but to their indefiniteness. If the so-called Edmonds Act is passed it will destroy the value of the Harter Act to the shipper, and we do not want to sacrifice this act to The Hague Rules unless we can get something equally good. The concession represented by the increase in liability from \$100 to 100 pounds amounts to nothing, because the representative of a prominent steamship company has said that the \$100 valuation is sufficient to cover from 80 to 90 per cent of the shipments moved from this country. The Interstate Commerce bill of lading increases the valuation per package to \$250.

As to pilferage, the speaker declared that he could find nothing whatever in the Rules that would lead him to believe that the carrier is in any way bound to answer for pilferage to any greater extent than he is now under the Harter Act.

After commenting upon what he affirmed was a denial of opportunity on the part of the National Chamber for the opponents of the Rules to get their case before the Chamber constituency, Mr. Heinemann closed his remarks by stating what he conceived to be the desires of shippers: the Harter Act should not be junked but should be improved; carriers should be prevented from unnecessarily prolonging voyages; shippers should be protected when quarantine regulations require discharge of cargo prior to arrival at destination; carriers should be subject to full liability for damages occasioned on lighters; where substitution of vessels takes place the shipper should have the same protection on the vessel substituted as on the original vessel, while the carrier should assume full responsibility for shipments, from the time they come under his control, whether inland, on the docks or at the receiving tackle, until final delivery at destination.



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# Give the Present Law Fair Trial

## Railroad Session, Transportation Group

EXPERIENCE under the Transportation Act, 1920," was the general topic discussed at the Railroad Group Session on Tuesday afternoon. George A. Post, chairman of the Railroad Committee of the Chamber, presided. In opening the meeting, Mr. Post pointed out that there is no economic question before the American people today more important than the railroad question; and that this group meeting had been arranged in order to furnish a forum where members of the Chamber from all parts of the country holding diverse views upon the railroad question could have an opportunity to discuss these views with their fellow-members.

The two invited speakers, Howard Elliott, chairman of the Board of the Northern Pacific Railroad, and Dr. Julius H. Parmelee, director of the Bureau of Railway Economics, presented a clear and comprehensive picture of the progress that has already been made since March 1, 1920, in putting into effect the provisions of the Transportation Act; and outlined in detail their reasons for urging that no important provision of the act should be amended or repealed until it has had a fair trial under normal peace conditions.

Mr. Elliott said in part:

Since the war the railroads, to a certain extent, have been obliged to live on their past accumulations. Some people estimate that if the railroads had been facing a prosperous condition and had felt free to spend all that a good manager desired to spend to make his property first class, that possibly \$300,000,000 more would have been spent on bridges, etc.

The car service report for April 15 shows that out of 2,261,000 freight cars in the service of the railroads, there were 317,000, or 14.2 per cent, in what we call bad order. . . . Prior to the war we thought if we had more than 5 per cent of our cars in bad order we were not doing very well.

We find something of the same condition with regard to locomotives. On April 16 there were 13,330 locomotives in bad order, that is, requiring repairs that take more than twenty-four hours. That was 20.6 per cent of the 64,561 locomotives doing the work of the people. Before the war we used to think that if we had over 10 per cent of our locomotives in bad order we were not doing our work well.

I think the American railroad track as a whole is in good sound safe condition with some scarcity of new rails, but that does not mean any deterioration in the extent of safety. It means that in the next three or four years in order to assure business prosperity the permanent way must be brought up to a little higher standard.

So even the report of net earnings for the first three months of this year, which shows encouraging figures, must be taken with some allowance due to the fact that there is deferred work on cars and engines and possibly some deferred work on tracks.

While we all want to be optimists—and I am an optimist myself on the future of the United States—we must take with some allowance the statements that have recently been published in the daily papers to the effect that the railroad business is very good, that everything is going along fine, that stocks are going up, and we are out of the woods—because we are not out of the woods. We are, however, headed in the right direction, and we are making a most earnest attempt to get out of the woods and get back to the same condition that we had in 1915 and 1916, when we did earn the interest on our securities and some dividends for the shareholders.

A message that I would like to leave with

you who represent the Chamber of Commerce, is—Do not be too impatient about this wonderful railroad situation. We spent nearly ten years debating it in Congress, out of Congress, on the stump, in the forum, everywhere, and finally after all that debate in March of 1920 Congress, representing the entire people, after listening to every argument you could think of for or against any given point in the bill, passed it. It has not yet had a fair trial. Give it a fair trial. It is a brand new basis for doing what is perhaps the most complicated business in the world.

Dr. Parmelee discussed the Transportation Act as a stage in our national economic development. He pointed out that the act contains elements of both evolution and revolution. In its evolutionary aspect, the Transportation Act granted to the Interstate Commerce Commission control over the issuance of securities; gave the commission authority to approve or disapprove proposed railway extensions and proposed abandonment of existing lines; placed the commission in control of many features of railroad operation, such as the supply of equipment and the unification of terminal operations, and, finally, gave the commission power to lay down the lines along which future consolidation of railway properties, either through lease or through merger, may take place.

In its revolutionary aspect, the Transportation Act contains two important provisions, each closely related to the other. In the first place, Congress inaugurated a new policy as to labor when it placed the whole field of wages and working conditions under public supervision. By this one stroke three-fifths of the operating expenses of the railways were placed under almost complete government control. In the second place, Congress deemed it wise to establish a new principle of rate making. The Congress properly recognized that control over expenses carried with it a grave responsibility on the part of the public to see that railway revenues were adequate to meet those expenses, and to provide, in addition, a net income which should place the railway industry on a strictly economic, that is, self-sustaining basis.

Dr. Parmelee discussed the actual working of the Transportation Act under three principal heads, namely, railway finances, railway rates, and railway labor. He summed up the financial condition of the roads by showing that during the nineteen months that have elapsed since the end of the guaranty period, the roads have earned an average annual rate of only 3.35 per cent

and have fallen \$784,000,000 short of earning 6 per cent on the tentative valuation fixed by the commission.

What the financial situation may be during the next few months under the gradually tightening effect of the coal strike on industry, and under the modified levels of transportation rates and railway wages which may, within the next few weeks, or days, or even hours, be put into effect by the Interstate Commerce Commission and the Railroad Labor Board, respectively, it is difficult to foresee; but an industry that even under government guaranty earns less than 4 per cent, and during a period of more than a year and a half, at the highest level of rates ever experienced, earns only 3 1/3 per cent per year, cannot look for great improvement unless reductions in expenses can be brought about commensurate with reductions in revenues through rate cuts.

John J. Donovan, of the Bellingham (Washington) Chamber of Commerce, referred to the address given by Mr. Arthur Balfour at one of the general sessions, in which he said that the Government of England has discovered that a government dependent upon votes has no business as a government in endeavoring to settle wages. Mr. Donovan said that in his opinion we should either give back to the railways the power of their management to deal with their men or, if the country has not yet learned its lesson, then the Labor Board should become a bureau of the Interstate Commerce Commission, and the two should work together under a common head.

Mr. John W. Shartel, of the Oklahoma City, Oklahoma, Chamber of Commerce, pointed out that the Transportation Act provides for an average return of 5 1/2 per cent on the fair value of railroad property, i.e., that the Commission shall add together the values of the railroads in a certain district, and try to make a rate that will yield 5 1/2 per cent on this aggregate value. Today three-fourths of the railroads in this country are earning less than this average return, and not over one-fourth are earning 5 1/2 per cent or better. Over 100,000 miles of railroad are not earning their operating expenses and taxes. The result is that there are today some large systems, and hundreds of small ones, that do not know whether or not they will be running at all at this time next year.

Michael Doyle, representing the Chamber of Commerce of Rochester, N. Y., urged that the shippers and the manufacturers on the one side, and the managers of the great railways on the other, should come together more closely and study each other's wants and requirements so as to develop more cooperation than exists at the present time.

# Our Highway System

## Highway Transport Session, Transportation Group

HIGHWAY TRANSPORT came prominently before the convention in order that two outstanding issues of the greatest concern to the industry might be discussed constructively for the benefit of this great and growing business. Here is an industry which has doubled in size twice within a period from three to four years. The economic adjustment between the new and the old regime has become pressing, and a reasonable degree of cooperation between government, states, counties, cities, and the transport agencies themselves has become a necessity. In this session representatives

of chambers of commerce, national transport organizations, state highway commissions, manufacturers, etc., participated in the discussions.

"Economic Foundation for Future Progress" was presented by Thomas H. MacDonald, Chief of Bureau of Public Roads, upon whom falls the responsibility for the detailed administration of the federal aid funds.

Mr. MacDonald brought out the fact that road building is lagging behind the increased use of motor vehicles, and while road building has just begun, there are plenty of evi-



dences that the tax-paying public "is rapidly nearing the end of its willingness to act further in the capacity of a shock absorber." He says there is no reason why the highways should not be placed in the self-supporting class, for they are possessed of a real earning capacity which can be computed preparatory to making a state road budget. The Cumberland Pike, built in 1818 and resurfaced for modern traffic after a long period of disuse, was used as an illustration that bond issues, covering the so-called "permanent" portion of highway construction, need not be of such short term as usually advocated, thus reducing the burden of sinking fund or amortization on current road appropriations. A novel point was brought out—that in comparing federal aid between states, highway appropriations should not alone be taken into consideration, but rather all the services from government to states. When all are considered, "the distribution of these expenditures within the states is approximately the same as the distribution of federal income."

Classification of roads into selected systems was emphasized as a necessity in carrying out federal highway administration, and especially the type of roadway surface is all important, from the standpoint of highway service and finance.

A good budget policy included maintenance, reconstruction, and new construction, and Mr. MacDonald advocated the first should be absolutely supported by the road user; reconstruction by the user and by the state through taxation; new construction by the user and the state, with taxation from both urban and rural sources. For the roads render real service to rural property. Federal aid and motor vehicle revenues constitute 33 per cent of the \$600,000,000 expended on roads last year, and taxation has already reached \$30 per car, which is over one-half of the total expended. Gasoline consumption is an important question, for an advance of 1 cent in the price per gallon amounts to approximately \$40,000,000 a year to the user. Careful studies, Mr. MacDonald reported, are now going forward to determine the economic limit of highway transport in its relation to highway construction.

"Practical Highway Transport Regulation" as developed by E. J. Mehren, editor of the *Engineering News-Record*, emphasized the importance of the growing function of motors as common carriers and that they are subject to regulation like any other public utility. This is entirely distinct from so-called "vehicle regulation" or road rules which have heretofore governed the use of our highways, in regard to speed, maximum weight, size, licensing, etc. Forty-eight states are confronted with highway development and regulation, not only of private but of public common carriers; also numberless smaller civil subdivisions. Twenty or more states already have some form of common carrier or public utility regulation. Federal aid construction is under one set of commissions. Carrier regulation is under another set. Some are too strict, some too lax.

Vehicle regulation, Mr. Mehren claimed, should not be punitive, but should prevent abuses by individuals, and should be kept to a minimum, consistent with the maximum economic use of the highways. The question of maximum weight is still debatable, he said, and a solution may be found through local restrictions where obviously needed. But the most important need is strict enforcement, such as enforced unloading—a method formerly considered too drastic. There are sixteen methods now used in assessing license fees. These should be adjusted, Mr. Mehren claimed, to a more simple and uniform plan.



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such as horsepower and gross load basis, although some states use the gasoline tax, or roughly, a mileage basis.

Common carrier regulation Mr. Mehren strongly urged, even though it is possible to make a strong theoretical case against it. Practical questions, however, outweigh the theoretical. For the public has long since determined that common carrier regulation is necessary, that the public is better served by a regulated industry, and that regulation stabilizes a business by protecting it from irresponsible competition. Some states, however, have jumped to conclusions without the backing of necessary experience, which is essential to avoid regulation of an impractical nature. The attempt to load motor operations with fixed charges on highway construction, as well as maintenance, Mr. Mehren

opposes as unsound, because of the absence of a carrier monopoly. The same situation occurs in inland waterways and would come in air transport. Each type of transport should be permitted to find its true economic place in the whole transportation system. But the vehicle must pay for the use of the road and "a tax graded by the extent of use of the road is the preferable one"; in other words, a franchise tax.

In the discussion, the question of granting monopolistic road franchises to motor carriers arose, and the solution seemed to lie with the carriers themselves. In one case fifteen different operators finally petitioned jointly for a certificate of convenience and necessity, placing themselves under regulation and agreeing to give a certain definite service.

essential improvement—much greater stability in exchange or currencies and in commodity prices. In 1921, when I traveled thirteen countries of Europe, the instability of both exchanges and prices was the curse of all business there. The great economic crime was the overworking of the printing presses. And against international trade no more grievous offense is possible than such confusion of currencies and market quotations. Sometimes they actually tried to get around the dilemma by barter, but most of such expedients quickly broke down.

Probably before very long, some sort of devaluation, or scaling down by shifting the decimal point, will be requisite in certain countries to bring some of these huge volumes of nearly worthless paper into a feasible and constant relation to gold. Ignoring the fantastic figures in Russia, the currencies of Europe total well above \$100,000,000,000 nominally, or more than a dozen times all the gold in the world. This devaluation may come after reparations are finally fixed, budgets balanced, debts adjusted and loans floated.

These capital and credit elements form a world problem. Just now, the low rates of money and seeming abundance of investment capital may be a misleading phenomenon. The real issue or necessity is for a great redistribution of capital, wisely planned and executed. The present superficial abundance is really due to recent liquidation of goods; when demand increases for business revival, care must be had against another diversion of liquid capital into extravagant forms of consumption, bonuses or doles and the like. The sadly depleted fixed, producing capital of the world must be restored.

The United States, of course, must be the chief source of this capital supply, through sharing with Europe its excess gold and its future capital accumulations, for its own advantage as well as Europe's sake, but only on wise and truly productive lines. Gold loans to Europe, properly secured and applied, will be not merely a potent stimulus to the Old World, but a very good business stroke for us.

Commenting upon the Russo-German Pact at Genoa and the reported plans of Stinnes in Russia, Mr. Bullard said:

Apparently the Germans have concluded, rightly or wrongly, to devote more attention in a trade and industrial way to Russia and other neighboring lands where currency is even more depreciated than the mark, and needing skilled reorganization, than to distant markets in other continents.

Not until the war between Greece and Turkey is over can business be done in a normal way in the Near East, according to Edward Ewing Pratt, secretary and managing director, Chamber of Commerce for the Levant in America. There are no large stocks of merchandise left in that region and general conditions are not as abject as have sometimes been pictured in the United States. Excellence of railway service, hotel service, telephone service, and general living conditions in many places were in direct contrast with reports which have been given currency in the United States with regard to the Near East. German competition is everywhere in evidence, but deliveries are poor and quality leaves much to be desired. All of the countries are overgovernmented, in Roumania one person in every ten being in government service.

## For Equality in Tariff Making

### Domestic Distribution-Foreign Commerce Group Session

**D**ISCRIMINATORY provisions in customs tariffs constitute not only an obstacle but a danger in international trade in the opinion of many attending the joint group session of the Domestic Distribution Department and the Foreign Commerce Department, which met on the afternoon of Wednesday, May 17, under the chairmanship of Mr. Ernest T. Trigg, vice-president, John Lucas and Co., Philadelphia, Pa. The group session voted against urging the United States Government to call a government conference on the subject, but recommended that the International Chamber of Commerce be requested to consider the advisability of holding conferences of business men looking to the elimination of discriminatory provisions from the customs tariffs of the nations of the world.

This suggestion came as a result of an address by W. S. Culbertson, vice-chairman of the United States Tariff Commission, Washington, D. C., upon the bearing of the United States tariff upon export trade and foreign relations. Mr. Culbertson pointed out the two general methods by which tariff negotiations may be carried on, as follows:

a. By the concessional method, that is, by establishing by legislative enactment a level of duties and then, by means of treaty negotiations with foreign countries, conceding reductions either to minimum rates previously fixed by law or to points agreed upon during negotiations.

b. By the penalty method, that is, by imposing additional duties on the imports from a foreign country in order to obtain from that foreign country a more advantageous position in its markets.

The methods of tariff bargaining are used for the purpose of obtaining commercial advantages. The act of bargaining itself, however, raises large international problems. Until most-favored-nation treatment is made both unconditional and universal, every tariff bargain must be to a greater or less extent a discrimination also.

Dr. Culbertson suggested the following plan as being desirable in order "to carry out further our announced policy of equality of opportunity and the open door in commercial relations":

1. In revising old and negotiating new commercial treaties, we should adopt the unconditional form and interpretation of the most-favored-nation clause. We shall thereby establish a basis on which to insist upon equality of treatment in the markets of foreign nations and by which concessions in our tariff that may be granted through negotiations will auto-

matically be extended to other nations and discriminations be effectively prevented.

2. If this treaty policy is adopted, we can then properly adopt the supplemental policy of negotiating for the minimum rates granted by foreign countries by granting such reductions in our tariff schedules as may be authorized by Congress for the purpose of promoting our foreign trade.

3. As a supplement to this concessional method or independent of it, we should place in the hands of the President the power to penalize discriminations against our overseas commerce. Additional duties applied at the discretion of the President and in a degree to fit each case will remove many discriminations, open or concealed, which could not so easily be reached by the slower method of negotiating general tariff treaties.

4. The effectiveness of bargaining methods applied by any single nation is limited. Systems of discriminations, especially between colonies and mother countries, involve large political as well as economic questions and should preferably be considered in an international conference. The object of such a conference should be the fullest consideration of the advantages which would accrue to all nations from the application of the principle of equality of treatment and the open door to all colonial possessions and dominions as well as to nations. Such a conference might properly be called by the United States.

Recommending the cancellation of the Allied debts, W. Irving Bullard, vice-president of the Merchants' National Bank of Boston, and treasurer of the National Association of Cotton Manufacturers, said:

The truth should gradually sink into the American mind that the wise as well as the decent thing to do is for us to cancel the Allied debts. That would greatly simplify our present tariff enigma, as well as vastly improve the whole international trade situation. But it will require a great deal more of popular education. Perhaps the most we can expect for some time is a clarifying and defining of debts relations by our new funding commission.

All these influences, including particularly whatever the nations of Europe achieve in fiscal reform, should inevitably lead to one very

## "Chain" Competition Can Be Met

### Domestic Distribution Group

**U**NDER the title, "Growth and Significance of Chain Stores," Dr. Paul H. Nystrom of New York, director of the Retail Research Association, gave to the Domestic Distribution Department the first

complete analysis of the chain store problem. He has studied the question closely for several years and regards the chain store idea as a normal development in the evolution of modern business.



Probably the Great Atlantic and Pacific Tea Company, established in 1858, was the first of the existing chain stores and was followed by the Jones Brothers Tea Company in 1872, and the Woolworth organization in 1879. In a general way, chain stores dealing in foods were the first in the field, and there are now probably more than 2,000 chain store systems in this country with a total of more than 100,000 separate retail establishments including those dealing in nearly everything sold at retail.

It is estimated that considerably in excess of a billion dollars in merchandise is distributed yearly by chain organizations, and in the grocery field alone 10 per cent of the total retail business already is done by chains. In Philadelphia and New York probably more than one-half of all food products are sold by chain stores and large proportions of other goods as well.

A comparison of the index numbers of the *Federal Reserve Bulletin* shows that the chain stores actually are expanding in volume of business, but since they are also increasing the number of their stores, it does not follow necessarily that the average volume of business per store is increasing.

Costs of doing business, of course, are of the greatest importance in comparing the operations of chain systems with those of independent stores, but Dr. Nystrom does not regard the results of any studies yet conducted as at all conclusive because of the great range in costs of doing business, which extend from 6 to 25 per cent of net sales. He finds, however, that the range of costs in chain stores is less than independent stores, but reaches the same general average, 15 per cent, and where the chain store has an advantage in buying large quantities it is apt to lose this advantage in other ways. Any independent store which will eliminate credits, deliveries and service at extraordinary hours has a chance to beat the chain store in costs of doing business.

Certain peculiarities in chain store management are very clearly exhibited by their selection of locations, by their standards of stock arrangements and by their attempt at some distinguishing and pleasing external appearance. Also, they specialize more closely in the merchandise which they handle than do independent stores, and while this has the advantage of reducing the number of items carried, it has the disadvantage of not meeting the wants of customers so generously.

Dr. Nystrom made it very clear that management is the great desideratum. Chain stores, with their great volume of business, are able to pay very large salaries for the best management which can be employed; and they seem to understand very clearly that it is useless to locate near an existing well-managed independent store. It is stated unqualifiedly that one of the great chains will not locate in a town of moderate size where there is a well-managed, popular, independent establishment.

"The Distributors' Horizon" was the subject of a picturesque discussion by Mr. Franklin Hobbs, of the restricted vision of the average business man who called attention to the possibilities of a better understanding of the future by means of historic figures accurately interpreted. Mr. Hobbs deprecated the common attitude of disbelief that business facts at different periods are not related to each other, and compared the methods of highly trained statisticians with those of astronomers who are able to predict eclipses and other celestial phenomena many



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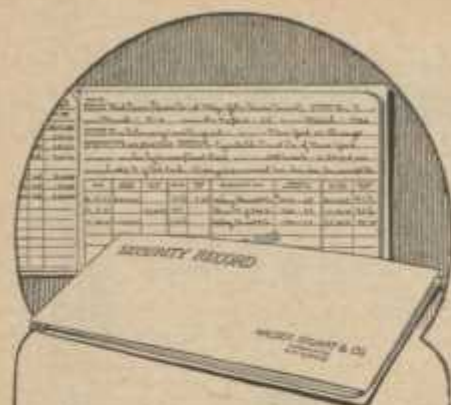


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years in advance of the event and with errors so small as to be negligible. Mr. Hobbs very strongly resented the idea that prosperity ever has left this country, but does not deny that it has abandoned some individuals. The United States is prosperous today and will remain so for a long period, and he gives this formula:

Let every producer, every manufacturer, every merchant and every worker deliver an honest dollar's worth for every dollar received.

Col. Leonard P. Ayres, vice-president of the Cleveland Trust Company, used as his text the need of bankers and investors as well as other business men for accurate knowledge as to the significance of changes in production and value which affect their interests. As holders of great quantities of securities, it is necessary for bankers to anticipate the changes in value of securities, and for business men to know when and for how long borrowed capital can be secured at low rates. Plotting the index numbers of pig iron production since about 1880, Colonel Ayres discovered several significant periods. Then by plotting the index numbers of stock securities, bonds and interest rates he evolved some very significant facts which occur too frequently to be regarded as coincidences:—

1. The high mark in bond values follows the low mark in pig iron production by almost exactly 14 months.

2. Interest rates remain at a low level for 18 months after the low mark of pig iron production and begin then to rise definitely. Colonel Ayres calls this the period of opportunity.

Although these interpretations are facts so far as they go, the speaker warned his audience not to regard them as absolutely unchangeable, but as very definite guide posts in the conduct of business.

Incidentally, Colonel Ayres called attention to the great quantities of gold shipped here during 1915-16 by the British Government, which, as a result, saved them many millions in the purchase of supplies by tending to keep the interest rates low, and he regards this as a remarkable evidence of the financial foresightedness of those who control the funds of the British Government.

Col. Ayres' address was illustrated by charts, one of which was a composite chart in which the elements are taken from all of the index numbers shown on the charts of actual events. This composite chart is applied to the years beginning with 1920, and ending with 1923, wherein 1920 is the year

of decline, 1921 the year of depression, 1922 the year of recovery and 1923 the year of prosperity. Colonel Ayres hesitated somewhat to affirm absolutely the coming events of 1923, but, using the low point of pig iron as July, 1921, this would mark the high point of bonds as September, 1922, and the rise of money rates during the early months of 1923. These expectations are not mere prophecy, since the movements are like all other economic movements in strict obedience to the laws of cause and effect. Why, therefore, should not able business men so study and administer their affairs as to take advantage of such simple elements as are displayed? It is explicable only through the different characteristics of men where conservatism fights with caution. The superman, in whom caution and conservatism would be in an equitable balance, could always guide himself in such a way perhaps as to accumulate in a few years a great amount of money. But it must be remembered that bonds remain at a high level for some time and the correct handling of them requires great patience while stocks fluctuate rapidly and the successful purchase and sale of this type of securities demands immediate decision.

In the conduct of industry, a third characteristic—courage—must be displayed at a time when most men are plunged in the depths of pessimism in order that the low rates of interest may be used to the fullest effect.

As an illustration of the wisdom which may be and is often displayed, Colonel Ayres cited the great purchases by railroads in times of depression not only for the purpose of taking advantage of low prices, but also to stimulate production and thus create more traffic for themselves and better conditions for the country at large.

Reverting to his fourteen-month period between the low mark of pig iron production to the high mark of bond values, Colonel Ayres suggested, humorously, that the reason for this might be that it takes about fourteen months for the idea to penetrate the average mind that business is going to be better.

As a conclusion, Colonel Ayres was inclined to see some uses in adversity and stated the interesting facts that in 1920 it took 15 men to build a Ford car which in 1921 was built by 8 men; and in 1920 while one man built only one automobile tire per day, in 1922 the average workman built 2½ tires. All of this was with the same machinery, and the decreased cost was due wholly to the higher efficiency of the average workman.

## Profits Must Come from Savings

### Fabricated Production Group

**B**USINESS men generally are realizing that, as a prerequisite to a return to normal business conditions, it is necessary to lower costs, stabilize production and at the same time to consider the importance of foreign trade to American industry. It was to a discussion of these questions that the business men gave their attention in the group meeting of the Fabricated Production Department.

In presenting a brief survey of the general situation, William Butterworth, president of Deere and Company, Moline, Ill., aptly phrased the problem confronting business by saying, "The manufacturer's profits must come out of what he saves. They cannot now come by adding a percentage to his cost figures."

As a means of securing these savings, Mr. Butterworth stressed the importance of adequate and uniform methods of cost finding, the elimination of all forms of industrial waste, and the proper and intelligent use of business statistics adequate in their scope. He pointed out that there is nothing to fear in intelligent competition where commodity prices are based on a proper basis, saying:

"I do not care much about what the other fellow's prices are if I know that he is making up his costs along the same lines as mine." If this is done the man who makes the greatest savings will have the greatest profits.

To illustrate the value of reducing variety of product, Mr. Butterworth said:

"Eliminations which took place during the war have saved our industry, in the writing



down of our inventories, not less than \$10,000,000."

Mr. Butterworth closed his review with an appeal to American business men to "clean house" and drive out of business those men who would not make an effort to have the conditions under which their men labor as nearly perfect as possible. He urged the immediate establishment of a code of business ethics or "ten commandments of business," which would place American business in the lead in honest business methods.

Presentation of the vital subject of Simplifying Variety and Standardization was made by W. A. Durgin, Chief of the Division of Simplified Practice of the Department of Commerce.

"The survey of six typical industries by the Federated American Engineering Society," Mr. Durgin said, "shows that at least 40 per cent of the effort, investment and energy were absolute waste." To help reduce this waste, largely due to an overproduction of variety and a lack of standardization, he pointed out the splendid work being done by the Bureau of Standards, "the greatest national physical laboratory in the world."

Describing the work of his own Division of Simplified Practice, Mr. Durgin said:

It is founded principally on the statement to Mr. Hoover of many leaders of American industry that one of the greatest present wastes is in excess variety. In all sorts of lines the plea is: "We are making altogether too many sizes and styles; our sales department is leading us by the nose!" As a result of this diversification, each group in the industrial structure is suffering, not only the manufacturer but the wholesaler and retailer, and indeed, when it comes to maintenance, replacement and repair, the ultimate user. The diseases from excess variety are evident enough; stocks and investment are needlessly extended, turnover is decreased, cost of production is run up in each of numberless varieties; deliveries are delayed in getting the item ordered; it is unsafe to accumulate stock during slack periods, for no man can predict just what variety will be demanded when the boom appears; all the wastes attendant on indecision in production and use are prevalent; selling expense is boosted to a maximum in covering these tremendously extended varieties, misunderstandings and misrepresentations are unavoidable; there is little fundamental investigation and development of basic lines as it is so much simpler to change trifling details and start a new variety while foreign commerce goes to foreign producers of simplified merchandise.

Tribute was paid to the Fabricated Production Department for very able assistance. "To this department," said Mr. Durgin, "we look as the apostle of the simplified practice movement; indeed, we are almost in the position of having them do the work while we take the credit, and very obviously, therefore, we consider this department vital."

The discussion of Uniform Cost Methods as Aids to Production, by Arthur Lazarus, chief of the Cost Accounting Bureau of the Fabricated Production Department, developed the following points:

That adequate cost methods are just as essential in times of depression as they are in times of prosperity.

That if cost methods are to aid production, they must be founded on standards of cost, and these standards correlated in a comprehensive budget.

That the standards of cost shall not be theoretical, but the best attained practices.

That greater progress in efficiency is possible if the attainments of an entire industry, rather than a particular plant, are available.

That it is a great step forward if a manu-



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facturer in any given industry is reasonably sure when he looks over his summary of manufacturing cost that A, B, and C are substantially figuring their costs in the same manner, and that such differences in costs as exist arise from superior efficiency and not from cost ignorance.

Dr. Wesley Claire Mitchell, of the National Bureau of Economic Research, brought an important message in his discussion of the Practical Study of Business Cycles to Increase Continuity of Employment. Mr. Mitchell said:

Present indications are that the United States is in the earlier stages of a revival of business activity. Unless checked by some powerful counteracting agency not in sight, past ex-

perience justifies the belief that this revival will gradually gather momentum and turn into a period of full-fledged prosperity. But past experience also forbids us to hope that this period of prosperity will last more than two or three years at the most. If the future is like the past, prosperity will breed a crisis, and the crisis will be followed by a new period of depression like that from which we are now emerging.

"Business cycles" is merely a vivid term for this recurrent ebb and flow of business activity which experience has taught us to expect. A tolerably regular repetition of such cycles can be traced in American history for at least a century.

The only way to prevent a repetition of enormous losses from crisis and depression every few years in the future is to study the business



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cycle and so learn how to control it. That is primarily the task of business men. Government can render some aid, for example, by collecting and publishing statistics about current stocks, orders, shipments, prices, employment and the like. But such statistics are of little avail unless they are used by business men. Every man who keeps in close touch with developments in his own industry and in general business can make profits for himself and at the same time help to stabilize business and employment for others. Various enterprising concerns have already proved that it is both practical and profitable to take the business cycle into consideration when laying plans. An inquiry into their methods is now being made for the Business Cycle Committee of the President's Conference on Unemployment. The report of this committee, which will appear next autumn, should be of great interest to all members of the business community.

## Get Good Immigrants, but How?

### Civic Development Group

THE EFFECT of European conditions upon America may be in terms of men as well as in trade balances, and one of our fears since the armistice has been that Europe would pour its poverty-stricken millions through our ports of entry, lowering our standards of living and greatly increasing the complexity of our home economic problems. To ward this off, Congress passed an emergency immigration law limiting new arrivals to 3 per cent of their nationals already in this country. Since the call for the Chamber's annual meeting was issued, Congress has extended the operation of this law to June 30, 1924. How has the emergency law worked? What is the basis for the fear that prompted its enactment and its extension? These were the questions put before the Immigration Section conducted by the Civic Development Department, over which C. C. George of Omaha presided. The first question was thus answered by Commissioner General W. W. Husband of the Federal Immigration Bureau:

The present quota law is based on the Dillingham percentage limit plan. This law provides that the number of aliens of any nationality who may be admitted to the United States in any fiscal year shall not exceed 3 per cent of the number of persons of like nationality who were in the United States in 1910 as shown by the census of that year.

The law has accomplished certain definite things. It has restricted immigration to a figure far below the normal movement prior to the war, and presumably far below what it would have been during the present year in the absence of restriction. It has, by severe restriction of immigration from southern and eastern European countries, more than doubled the proportion of the old-time immigrants in the movement, but otherwise the law can hardly be said to have contributed greatly toward a constructive immigration policy. However, it seems to me that it is a safe cornerstone upon which a more constructive policy may be erected, for, by limiting numbers beyond what might be called the danger point, it has opened the way for legislation which will make possible a better selection of immigrants, when there is renewed demand for alien labor in the United States, as there must be when the expected revival of industry becomes a reality.

If there is a demand for immigrant labor which honestly exceeds the available supply, it would seem only right that some provision be made for supplying such excess demands, and such an addition would, it seems to me, make it possible to develop a constructive im-

migration policy based on a selection, not only to meet the industrial needs of the country, but also to permit of a quality selection which would contribute to the upbuilding rather than to the possible undermining of American citizenship, ideals and institutions.

The inspection of immigrants at the source was advocated by Ernest Greenwood of the International Labor Office, who said:

## Get Good Immigrants, but How?

### Civic Development Group

The International Emigration Commission set up by the International Labor Conference is the special machinery which can be utilized to secure inspection of immigrants at the source, without the necessity of interminable and complicated diplomatic negotiations, or, in fact, without the necessity of negotiating formal international treaties. The Government of the United States was invited to join this commission. Had this invitation been accepted, the first steps might have been taken to secure inspection at the source and eliminate the distress involved in the administration of our present law.

There is no cruelty or inhumanity involved in denying entrance into the United States to persons who have as yet made no sacrifices, or who have undergone no hardships to get here.

Furthermore, the country which permits inspection abroad relieves its steamship companies of the necessity of delays occasioned by inspection after arrival, and at the same time relieves them of the expense of returning hundreds of inadmissible aliens annually, not to mention the losses occasioned by fines imposed for bringing them.

This system of inspection at the source has been in operation in Canada for at least twelve years. It not only works, but it works well. Why have we not installed the same system in all the principal countries of emigration?

Edgar Wallace, of the American Federation of Labor, presented the views of his organization on the present immigration law and stated that it is the belief of the American Federation of Labor that this law should be kept in effect, making it possible to pick the kind of people that it is desirable to admit to this country, the type with whom the American workingman can live and maintain American standards.

Michael Kley, manager of the Immigrant Service and Citizenship Bureau, Metropolitan Life Insurance Company, made a plea for the assimilation of the immigrant. "Immigrants," said Mr. Kley, "are only prospective citizens. If you cannot make good standards and keep to standards, you cannot have the kind of America which will lead the world in social justice."



Fred H. Rindge, Jr., of the International Committee of the Y. M. C. A., in his statement on "Living Conditions of Wage Earners in Europe," emphasized the same idea as did Mr. Kley.

### Building Boom or Boomerang?

COL. LEONARD P. AYRES, vice-president of the Cleveland Trust Company, and Mr. Lyman Clark, of the General Electric Company, drew a picture at the Housing Section Meeting of the Civic Development Department calculated to revive the spirits of the most depressed, so far as the near future is concerned, but with a strong note of warning for those whose expectations go beyond the near future.

Col. Ayres in describing the construction industry in American cities declared that it is on the edge of an unprecedented boom, that with this boom will go a revivifying influence to many lines of American business, for construction draws upon many lines. In the building itself many trades are represented and when it is erected, it must be equipped and furnished. So he prophesied that 1922 will be a year of exceptional opportunity, and, if rightly handled, of exceptional prosperity for people who produce or handle building supplies, for people who do actual construction, for those who deal in furniture and house furnishings, and for a number of other groups throughout the community, including the people who manufacture the type of truck that is predominantly used in the building industry.

This prophecy he based upon the great number of building permits issued during the earlier months of the year, three and one-half times as great as the pre-war average. These will bear fruit during July, August, September and October in an amount of activity in building in this country such as we have never seen before.

But with this prophecy went a warning. This is a year of cheap money. Next year, he believes, will be different, and there will not be so much building. As a banker he presented two considerations that bankers must bear in mind. One of them is that even with the fall in the cost of building, it is still a very expensive thing as compared with what it used to be, and they have before them, if they are students of such matters, the picture of what happened after the very great boom in building prices following the Civil War. The banker is asking himself, will the money put out now on this building loan a little later represent to me a loan or will it represent an investment. He does not want to have it come back to him in the form of an unwelcome, bad investment.

The other thing he has to consider is whether any building on which he is loaning money, either directly or in the shape of a real estate bond issue, is badly constructed. That, together with the possibility or probability of shrinkage in the actual cost of building, is going to cut into his equity in a way which will be most embarrassing a little later on. The Cleveland Trust Company gives such weight to this consideration that when it puts out a new bond issue it sends its own building inspector to watch the buildings as they are erected so it may be entirely sure that they are honestly built, are good buildings, that four, six, eight or ten years from now it shall not have on its hands, or the community have on its hands, a poorly built structure that is disintegrating with the passage of time.

This address preceded that of Mr. Clark who spoke on the dangers of shoddy con-

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struction. "Dangers" he interpreted as referring to economics, "shoddy" to waste due to material or personnel, and "construction" to building structures either commercial, industrial or residential. With these definitions in mind he addressed himself to methods of reducing the amount of shoddy construction. The economic gain which would follow success he indicated by saying, "If our annual outlay for building construction (about \$3,000,000,000) can be affected by only such a small amount as 1 per cent positive value and 1 per cent negative value, we have the possibility of creating a saving account of \$60,000,000 annually, which is the interest charge at 6 per cent on one-third of our annual expenditure."

Mr. Clark laid the blame for shoddy construction mainly at the door of the owner, though in dealing with the builders—among whom he included architects, engineers, contractors and labor—he said, "It is questionable whether more shoddy is introduced by those having to do with the actual construction of buildings than those who are concerned in the ownership of property and buildings."

In discussing these classes or groups individually, however, he gave each of them credit for desiring honest construction.

Speaking of building contractors he said, "Competition . . . leads to practices permitting of the introduction of shoddy construction. Probably no class of people in our

industrial life are more desirous of avoiding shoddy construction than are building contractors. Competition seems to be the only element forcing them to any consideration in the use of other than the best of products." Elimination of competition might, however, he admitted, lead to super-charges which would not be economical.

"Labor," he stated, "can be, but is not as a rule responsible for shoddy construction. . . . Outside of isolated cases we might consider labor as constituting one of the least causes of shoddy construction."

In describing the owner's part Mr. Clark said that he is always comforted with the problem of what best can be done with his property from two points of view:

1. Holding it with ever-increasing value.
2. Trading it as an article of commerce.

Later he mentions the owner who "desires to improve his property in order that it may earn on the capital investment in perpetuity." Such an owner does not desire shoddy construction.

To reduce the amount of shoddy construction Mr. Clark proposed more careful consideration in the granting of loans, improvement in regulations, education of the public and cooperative effort of trade associations, architects and engineers. To eliminate it he advocates the setting of standards, improved regulations, action of trade associations, action of technical societies.

## Hands Off, Government!

### Natural Resources Production Group

THE INCREASING interest of the business public in coal, particularly at this time when a general strike is on in the industry, led the Natural Resources Production Department to turn over its group meeting on the afternoon of May 16 to a thorough consideration of the coal situation.

Senator Sutherland of West Virginia presented the subject of "The Coal Industry and Government Regulation" and said in part:

During the past twenty-five years there has been a constantly growing tendency toward paternalism in government. This tendency was greatly accentuated by the conditions brought on by the great World War when the Government, extending its authority pursuant to the war powers, found it necessary to exercise a controlling supervision over much of the industrial life of the country in order that we might function most efficiently for the one purpose of bringing that terrible catastrophe to a successful conclusion at the earliest possible moment. The business of railroad transportation had already in increasing degrees been brought more and more under the direct control of the agencies of government, but while there were strong reasons for the regulation by the Government under the Interstate Commerce clause of the Constitution, of the great arteries of our country's commerce upon the theory that in many commodities the business was a monopoly, I am firmly of the opinion that no justification can be alleged for similar control of the bituminous coal industry.

Let us adhere firmly to the doctrine enunciated by the great President now occupying the White House, "More business in government and less government in business."

The remainder of the meeting was devoted to a discussion of three pertinent phases of the coal business: Distribution, transportation and labor. Major W. R. Coyle, vice-president of Weston Dodson and Company, Inc., and president of the American Whole-

sale Coal Association, said, in discussing "Better Selling Methods":

Always it has been customary to cuss at the coal man. The habit has perhaps put the "cus" in customer. Whether it be furnace or range or open grate, the chimney may be stopped, the flues full of dirt, the grate broken beyond repair and yet the first thought of 100,000,000 people, if the house be too warm or too cold, the dinner overcooked or underdone—always it's the coal man who is blamed and we, after all, deserve the blame on account of our archaic methods. If your telephone doesn't work you know what to do, but if you call your coal man when your coal doesn't work, what do you get? Suppose the telephone company said: "I am sorry, the instrument was made in Schenectady. You will have to go to them for repairs," would the same good-will exist?

If your coal man says, "I sent you the best I have. I have to take what the operators sell me," and if he then proceeds to forget your troubles, can you be blamed for looking elsewhere?

Following these combined ideas, we would suggest that in the distribution of coal there be organized (perhaps a number of groups, each built around an outstanding personality, a man of proved merchandising ability) a complete production and distributing organization, each one a corporation following the lines of the American Telephone and Telegraph Company and to enter with this corporation as Rexall has entered every city and large town, electing to membership the most progressive and best located dealer. Make the dealer a partner in the entire enterprise. Buy an interest in his plant, and sell him an interest in the production of the material he will merchandise. School him to follow a general merchandising plan. Make him a part proprietor and an interested owner in those mines which supply the stock on his counters.

E. M. Poston, president of the New York Coal Company talked of transportation.

Mr. Eugene McAuliffe, president of the



Union Colliery Company of St. Louis, addressed the group on "The Strike and How to Prevent a Recurrence." He outlined the following needs of the industry if a recurrence of the strike were to be prevented:

(a) The enforced incorporation of all labor organizations with provision that such be subject to all of the laws, rules and regulations, that govern corporate or partnership holdings of capital, including the payment of federal income and excess profits taxes and the repeal of all laws that place capital labor on a plane apart from capital goods.

(b) The reformation of the United Mine Workers Organization, including the elimination of the check-off with such revision of policy as will insure a better recognition of the relation the industry bears to our national economic life, and a decent regard for public opinion; the organization to transform its present policy of resistance to greater individual productivity into one of productivity, including the giving of proper encouragement to the installation of labor-saving machinery.

(c) Full recognition on the part of the employer to the fact that the mine worker is entitled to that fair living wage consistent with an American standard of living, regardless of whether he mines coal north or south of the Ohio and Potomac Rivers; the employee recognizing with equal force that to earn he must produce.

(d) The enactment of legislation that will insure a full finding of facts concerning the industry.

(e) From the facts so secured the Secretary of Commerce should publish promptly, monthly and annually, the essentials that concern the public, including mine labor.

(f) From the evidence so secured the Secretary of Commerce should keep the Interstate Commerce Commission informed as to the ability of the then existing mine development to serve the full coal needs of the nation together with that required for export and bunkering.

(g) The Transportation Act should be so amended as to require every railroad desirous of rendering transportation service to a coal mine to secure from the Interstate Commerce Commission a certificate of convenience and necessity before entering or serving same.

(h) Inauguration through the Department of Commerce of a campaign of education and encouragement of the public toward the elimination of seasonal demand for coal, including a reduction in coal freight rates during the storage season.

The group meeting on the second afternoon was devoted to addresses and discussion on the following general topic: "To What Extent Are American Industries Producing Raw Materials Dependent for Their Prosperity on European Markets."

In discussing the subject of "Coal" in its relation to the European markets, George M. Dexter, president of Dexter and Carpenter, brought out the following:

Prior to the war we were making considerable competitive progress, both in Europe and South America. It was no easy task to convince Europeans that our coals were the superior of the kind they had for so long purchased from the British. It required pioneering of the most intelligent and persistent kind to make the original sales, and the cost was enormous. But we did it, and when the war broke out, even the French navy had a contract for American coal.

The outstanding fact in a consideration of our coal industry is that with a great over-production capacity, the exportation of our coal should be encouraged in every way.

Reduction in production costs is expected as a result of the present strike. Our coal is the superior in quality of any in the world, and our railroad and loading facilities are the best. There is no legitimate reason why American coal should not be one of our chief exports.



## National Advertising without National Distribution

ARE there blank spaces on your distribution map; territories that ought to be yours, but where your goods are not sold?

Do you wonder how these "blind spots" can be reached? Are you interested in how other business executives have done the job?

If your distribution is still incomplete, if it is spotty, or if it is thin in places, you will find it worth your while to read *Promoting Sales*.

It is a small, readable book that gives a brief but comprehensive survey of typical methods of distribution.

Every executive responsible for keeping up and extending sales ought to find something in it that is of real value to him.

It is sent, without any charge or obligation to such men upon their request, made upon their business letterhead.

*The Corday & Gross Co.*  
Cleveland  
Effective Direct Advertising

Sidney Jennings, vice-president of the United States Smelting, Refining and Mining Company, spoke on "Copper" as affected by the European situation. To quote from his remarks:

From a rapid survey of the position of the copper industry it seems reasonable to assume that in order to have prosperity there must be an effective demand in the world for at least 1,300,000 short tons of new copper per year. A demand of 10 per cent less than this amount will probably, and a demand of 20 per cent less will surely, result in depressed conditions of the industry. If an effective demand for 1,300,000 short tons arises and continues, the price for copper will also rise and prosperity will return to the copper industry.

From the present outlook it seems probable

that the total effective demand for copper from the various industries in the United States for the coming year will be as large as it was in 1921. Owing to the reduction in stocks held by governments, and also the stock of scrap and brass, the demand from American consumers for new copper will be materially greater in 1922 than during 1921. It is highly improbable that this demand will be sufficiently increased to absorb the new production that will be brought into being by the starting up, on April 1 of this year, of the mines that were shut down in March a year ago. It is therefore evident that the prosperity of the copper-producing industry depends upon an effective demand from abroad.

The consumption of copper in America has materially increased, but not to a sufficient extent to absorb the output of the producers.

The desire for copper exists in Europe, but the ability to pay for it still lags, and the pros-



## *To the Business Men of England*

The Nation's Business is owned by the United States Chamber of Commerce. It speaks with authority to 87,000 leading manufacturers and business men in the United States. Its advertising pages are filled with the announcements of many leading corporations wishing to reach the business and industrial market. During the past year, for example, the following organizations have used the pages of the regular monthly issues.

Alexander Hamilton Institute  
Alexander Lumber Co.  
All America Cables Co.  
American Face Brick Assn.  
American Multigraph Sales Co.  
American Telephone & Telegraph Co.  
Atchison, Topeka & Santa Fe R.R.  
Austin Co., The  
Autocar Co.  
Automatic Electric Co.  
Ayer, N. W., & Son  
Babson's Statistical Organization  
Bankers Supply Co.  
Bankers Trust Co.  
Blackmer Rotary Pump Co.  
Blaw-Knox Co.  
Bowser & Co., S. F.  
Brascolite Co., The  
Brown Hoisting Machinery Co.  
Canadian Pacific Railway Co.  
Chase, Frank D., Inc.  
Cleveland Twist Drill Co.  
Continental & Commercial Banks  
Corday & Gross Co.  
Cunard & Anchor Steamship Lines  
Dahlstrom Metallic Door Co.  
Davey Tree Expert Co.  
Denham Costfinding Co.  
Diamond Chain & Mfg. Co.  
Dick Co., A. B.  
Dictograph Products Corp.  
Drake Hotel  
Dunlop Tire & Rubber Corp. of Amer.  
Durand Steel Locker Co.

Equitable Trust Co.  
Ernst & Ernst  
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Federal Motor Truck Co.  
Ferguson Co., H. K.  
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Flexible Steel Lacing Co.  
General Electric Co.  
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Hartford Fire Insurance Co.  
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Indiana Limestone Quarrymen's Assn.  
International Harvester Co. of Amer.  
Irving National Bank  
Jewett Refrigerator Co.  
Johns-Manville Co., H. W.  
Kent Vacuum Cleaner Co.  
Knoeppel & Co., C. E.  
Library Bureau  
Lupton's Sons Co., David  
Mathews Gravity Carrier Co.  
Matthews-Northrup Works  
Medart Mfg. Co., Fred  
Miller Rubber Co.  
National Bank of Commerce  
National City Co.  
National Shawmut Bank  
New York Life Insurance Co.,

Norton Company  
Omaha Chamber of Commerce  
Pathoscope Co. of Amer.  
Peabody Coal Co.  
Philadelphia National Bank  
Republic Creosoting Co.  
Robertson Co., H. H.  
Rothacker Film Mfg. Co.  
Royal Typewriter Co.  
Sani-Products Co.  
Seattle Chamber of Commerce  
Shepard Elec. Crane & Hoist Co.  
Sidney Davison Coal Co., A.  
Southern Pacific Railroad  
Sperry & Hutchinson Co.  
Square D Company  
St. Louis Chamber of Commerce  
Standard Statistics Co.  
Stone & Webster  
Stromberg Electric Co.  
Swift & Co.  
Thompson & Co.  
Todd Protectograph Co.  
Truscon Steel Co.  
Union Trust Co.  
United States Shipping Board  
United States War Department  
Universal Fixture Corp.  
Weis Mfg. Co.  
Westinghouse Air Brake Co.  
Westinghouse Electric & Mfg. Co.  
Weyerhaeuser Forest Products Co.  
White Management Corp., The J. G.  
Youngstown Pressed Steel Co.

There is no more economical way to reach the business men of America than through this official publication of the United States Chamber of Commerce, and there are few publications where your announcements could appear in such consistently fine company or be introduced more authoritatively.

We shall be glad to send our advertising rates to anyone making the request.

ADVERTISING DEPARTMENT

**THE NATION'S BUSINESS**  
WASHINGTON



perity of the copper industry depends upon the translation of this desire into an effective demand, which can be done only by the solution of the many problems of exchange, not only of money but of goods, with European countries.

Axel H. Oxholm, chief of the Lumber Division, Bureau of Foreign and Domestic Commerce, discussed "Lumber and Timber Products" from the angle of the general subject, saying:

Of the total normal quantity of lumber produced, only 7 per cent is exported to foreign countries. Although an export trade of 7 per cent in volume seems of small importance, when 93 per cent of the total production is marketed at home, still if the lumber export trade is curtailed or entirely interrupted, this means that 7 per cent of the total quantity of lumber produced will be thrown back on the domestic market and will seriously upset conditions at home, perhaps causing a great many

mills to operate at a loss, and will otherwise disturb conditions in many other industries.

The problem for the time being and for the immediate future will be to go further into the European requirements and to study the needs of the market. We have been accustomed in the past to ship too good a grade in many cases where a lower grade would do. Our exporters must study industry by industry in Europe, and find out how we can cut our lumber in the best possible way in order to make the most satisfactory profit. In this respect we have a great deal to learn from our colleagues in northern Europe. Few lumbermen ever stop to consider that there is a market in Europe for any sizes of lumber, and that northern Europe ships a large percentage of its lumber for export in lengths from six inches to six feet.

There is no necessity for increasing the quantity shipped to Europe beyond the pre-war figures, but our lumber export trade should be carried on in a more intelligent and systematic way than heretofore.

## All in the day's work

OREGON was having a bad spell of weather—rain, snow, high water, winds.

Railroad service was brought to a standstill. Telephone and telegraph wires were down. Highways and roads were blocked. Many towns were isolated. Meat foods were needed.

A Swift salesman, on his rounds, got caught in a slide on the Columbia River Highway. He was compelled to abandon his machine. But he did not sit down and wait for clear weather.

He made his way back to Portland in a small boat, loaded another boat with 20,000 pounds of Swift's products, and delivered them to his customers all along the Columbia River, where snow lay from three to five feet deep.

He thought nothing of it. It was all in the day's work. Any Swift man would have done the same. That is what Swift Service means to all of our salesmen. The duty of serving his customers was a serious responsibility that he had to meet.

We feel that Swift's meats—"Premium" Ham, "Premium" Bacon, and also Brookfield Butter and Eggs—must be delivered, whether or no, to your dealers all over the country who depend on us to keep them supplied with meat.

In our packing plants, traffic departments, branch houses; in the office, among traveling salesmen; from one end of the organization to the other, there is this same responsibility of service, this same matter-of-fact, taken-for-granted faithfulness to a trust and a responsibility to find a way out of any difficulties which may seem to prevent the daily service to our customers.

## Swift & Company, U.S.A.

Founded 1868

A nation-wide organization owned by more than 45,000 shareholders

## The Job Ahead in Insurance

### Insurance Group

JAMES S. KEMPER, chairman of the Insurance Advisory Committee, presided at the Tuesday meeting of the Insurance Group. Mr. Kemper, in referring to the tremendous possibilities for accomplishment ahead of the Insurance Department, stated that its success would depend upon the extent to which its component elements subdued the desire for personal or class advantage and worked for the general good.

In the marine field the Insurance Department has gone on record as favoring legislation that will clarify and definitely interpret The Hague Rules, if adopted.

The year 1921 was not a good insurance year. It proved the obvious undesirability of the valued form for automobile fire and theft insurance, a contract which puts a premium on carelessness and arson. An awakened public conscience can accomplish an immense reduction in automobile accidents. Detroit and Cleveland furnish examples of what an able and fearless judiciary can do when supported by public sentiment. In Detroit, Judge Bartlett is credited with having reduced the number of accidents 40 per cent, in spite of a 25 per cent increase in the number of automobiles in use. In Cleveland, one judge has been imposing jail sentences of five to thirty days, in addition to a heavy fine. Each of these judges is credited with saving from two to five lives each week. Prevention of accidents, not increase in rates, is needed to correct the present unsatisfactory conditions.

The time has passed when insurance men can sit complacently by and, ignoring the causes of losses, merely adjust rates to cover the hazard. Business expects much more of them, and their prompt response to the demand will most effectively curb whatever sentiment there may be in favor of state insurance.

Thomas B. Donaldson, insurance commissioner for Pennsylvania and president of the National Convention of Insurance Commissioners, addressed the meeting on "Insurance and the American Public." "The American public, as a whole," said Mr. Donaldson, "have no cordial or intelligent viewpoint toward insurance."

The universal licensing of agents and brokers is justified by the technicalities of the business, the stupidity and sometimes the cupidity of promoters, and the ignorance of those who undertake to sell insurance.

Pennsylvania issues annually about 90,000

licenses to about 35,000 different agents and brokers. Mr. Donaldson estimates that at least 200,000 people are making their living in the United States by soliciting insurance.

The efforts of insurance companies to give their agents a thorough training are of great benefit to the public. The trained solicitor knows his own policy and does not misrepresent the protection it affords. He urges new policy forms and terms to meet the needs of his clients. Such experiments can only be tried by the larger companies, those with an ample surplus. Yet it is the larger companies which are always the object of demagogic attack.

The public will be impressed when insurance men think broadly and act like big people. Then they will be able to bring their clients to a fair realization of the not-all-perfect but the most constructive, protective and all-pervading business the world has ever known—that of insurance.

W. H. Merrill, president of the Underwriters' Laboratories, spoke on "Getting the Most Out of Conservation Work."

There is perhaps no more spectacular instance of industry waste than the 15,000 lives and more than \$500,000,000 loss during the past year through fire, ninety per cent of which was preventable. In the work of the laboratories the interests of insurance and the public meet and are identical. This institution is conducted for service, not profit, being sustained by fees for the tests conducted. These fees are not large enough to become a factor in the selling price.

Devices submitted for tests are examined in relation to certain established standards, the result of deliberations of conferences with the industry affected. The reports of devices passing the tests are submitted to a council of engineers, insurance officials, members of government bureaus, and others having no commercial interest at stake, for review and letter ballot. If the ballot is favorable the device is recommended for listing.

It will be seen, therefore, that there is every reason to respect opinions expressed by these laboratories after this grilling and sifting process. All new devices must pass through an experimental stage, and where they have a distinct bearing on safety to life and property it certainly seems the wiser course that experiments should be made in well-equipped laboratories under the eyes of qualified and specialized engineers rather than through the hit or miss processes of public use and by the innocent bystander. This is exactly what the labora-



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Distribution Service is not merely a matter of warehousing. As we see it, such a service should include vastly more. The new service we have to offer is the

### Result of twenty-five years' experience

It includes not only warehousing, but the co-ordination of every industrial and transportation facility which can be brought under a central control, and the development of that central control to the maximum of human ability. It

### Requires no lease

We do not expect those availing themselves of this service to enter into a fixed lease with us. On the other hand, we have evolved a plan which enables you to pay for such industrial, warehousing or pier space, lighterage, railroad or trucking facilities, and

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This means that we offer the most flexible, economical and expeditious service for the movement of merchandise from the source of production to the point of consumption ever evolved.

Broken car lots can be shipped at car load rates.

Everything that can be done is done to make this service thoroughly economical and efficient.

### The proof

The fact that Bush Terminal is today the largest single co-ordination of transportation and industrial facilities in the world; that it includes piers, warehouses, industrial buildings, railroads, lighters, tugs and trucks, is proof of the success of what we have to offer.

We will be glad to discuss distribution problems in detail with any manufacturer or distributor of merchandise no matter of what sort. Write us your needs and problems in detail.

## BUSH TERMINAL CO.

Distribution Division  
100 Broad Street, New York

stories accomplish. They put the burden of proof on the manufacturer where it belongs and at the same time enable him to perfect his device without risk or disaster.

Various forms of follow-up service and re-examination have been adopted to insure the maintenance of the original standard of excellence. The most effective of these is the label service, in which a label is affixed at the time and place of manufacture and is recognized wherever seen as a certificate of excellence. Our latest reports show that this label service is now in operation in 4,159 factories, covering 429 lines of manufacture.

As a final safeguard to itself, its clients, the insurance companies and the public, arrangements have been made with the Bureau of Standards and the Bureau of Mines, by which these bureaus act as arbitrators in the event of disagreement on technical matters. While such disagreements are very few, they nevertheless have occurred in certain instances, and such arbitration has been invoked with the utmost satisfaction to every one concerned.

"Education and Service as an Individual Investment Paying Dividends" was the subject of an address by J. E. Kavanagh, vice-president of the Metropolitan Life Insurance Company. Mr. Kavanagh described the various services rendered by that company to nearly 19,000,000 policyholders.

Among these are life extension literature, visiting nurses, prizes for essays, cooperation with Boards of Health, Red Cross, National Tuberculosis Association, Playground Association and other kindred organizations, health surveys, erection of sanatoria, stimulating proper public health legislation, surveys of unemployment and cooperation with city governments in the attempt completely to eliminate preventable disease by intensive methods.

One instance of the last-named activity is found in Framingham, Mass., where the death rate for tuberculosis has been reduced to 40.1 per 100,000 as compared with 64.5 per 100,000 for 1920 and 121 per 100,000 for 1920 and the decade preceding the demonstration. This campaign is believed to demonstrate that consumption can be stamped out if time, intelligence and money enough be spent upon the effort.

The session on Wednesday afternoon was addressed by Howard P. Moore, general manager, American Foreign Insurance Association, on "Initiating and Carrying on Insurance in Foreign Fields." Mr. Moore traced the development of the association from its origin in the World War and showed the economies resulting from joint action in foreign fields. In spite of the economic upheaval following the war it was not necessary to abandon the advantages gained. Special attention was given to the deposit requirements of the United States and foreign countries. The Chamber of Commerce of the United States must have a vision extending beyond national boundaries. Mr. Moore suggested that each group ought in the future to be represented in the General Sessions.

Congressman George W. Edmonds next addressed the meeting on "American Insurance and Our Foreign Trade." He told of the gradual development of our dependence upon foreign shipping, foreign marine insurance and foreign banking, emphasizing the value of the commercial information thus placed in the hands of our competitors. Evidence was introduced showing how marine insurance rates are used as a competitive weapon to the disadvantage of American interests.

Following his paper, Mr. Edmonds said that marine insurance is not under the jurisdiction of national law. The only possibility of better laws is in cooperative state action.

Only \$2,600,000 can now be placed in this country on a ship, even including the facilities offered by foreign-admitted companies. These facilities ought not to remain so limited. Private marine insurance must be encouraged now if our underwriting capacity is to be maintained and enlarged. This encouragement can best be given through the prompt enactment of the Model Law by the States.

Dr. S. S. Huebner, expert in insurance to the U. S. Shipping Board, followed with an address on "The Model Marine Insurance Law." The expression, national merchant marine, he said, means much more than the mere ownership of vessels. It implies the existence, on a successful competitive basis, of all the services, including adequate marine insurance, necessary to the efficient operation of the vessels. The restrictions of the states relative to reinsurance, taxation, the writing of multiple lines, and credit for net assets in foreign countries have prevented American marine insurance from competing successfully against the foreign market.

Special attention was directed to the following points regarding the law under consideration:

1. It is proposed as a model for basic principles; there is no insistence on conformity with precise details.
2. It is possible for the states to adopt its principles piecemeal if they are not ready to accept the entire program.
3. The adoption of this law will aid American marine insurance in fulfilling its obligation to the American merchant marine and to our foreign trade, and so eliminate any need for the initiation of governmental operation in this field.

## Trade Association Executives

AT the informal dinner meeting of the American Trade Association Executives, Monday, May 15, the secretaries of trade associations in attendance at the Annual Meeting of the National Chamber listened to an address by Magnus W. Alexander, Managing Director of the National Industrial Conference Board, on "The Leadership of the Trade Association Executive in Sound Industrial Development."

Mr. Alexander developed a number of interesting and constructive suggestions in connection with trade association work, particularly with respect to the compiling and handling of trade statistics, pointing out, among other things, what he conceived to be the necessity of tying up and relating through some central agency statistics from various trades and industries in order that a composite, practical picture of the whole business field and its trend might be had.

Hugh F. Fox, Secretary of the United States Brewers' Association, Hugh P. Baker, Secretary-Treasurer of the American Paper and Pulp Association, Leslie C. Smith, Secretary of the National Association of Ice Industries, and Herbert P. Sheets, Secretary-Treasurer of the National Retail Hardware Association, were called on, and discussed the address from different angles.

Mr. Alexander, also, at the request of the secretaries, presented a number of charts which he used to illustrate how effectively graphic methods may be employed in presenting business facts, commenting in that connection that we are all children after all, and like to have a thing pictured for us.

O. L. Moore, Secretary of the American Trade Association Executives, made a brief report on the membership and finances of the Association. Alfred L. Smith, Vice-president of the Association, presided.





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**I**F YOU are going to Europe this year send the information blank below for guide list of important events abroad and the U. S. Government's booklet of travel facts.

You business men who are determined to "see for yourselves," who are determined to wrest business profit from the welter of European uncertainty by personal investigation, are also counting on pleasure for yourselves and families. You want to see and experience every unique event in that fas-

cinating world of old romance and modern culture which is Europe—now a thousand times more absorbing than ever before.

Do you know when the Cowes Regatta will be held? —the Dublin Royal Horse Show, the ancient ceremonial of the opening of Parliament in London, the Mardi-Gras Carnival, the Battle of Flowers, the Grand Prix d'Automne at the Longchamps Race Course, a thousand other brilliant events?

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*President Pierce* . . . July 1 Aug. 3  
 To Cogh (Queenstown)—Plymouth  
 Cherbourg—Bremen  
*President Taft* . . . July 3  
*America* . . . June 24 July 29  
 To Cogh (Queenstown)—Plymouth  
 Cherbourg—London  
*President Moore* . . . July 12  
*President Adams* . . . June 24 July 29  
*President Van Buren* . . . June 21 July 26  
*President Polk* . . . June 26 Aug. 2  
*President Garfield* . . . July 3 Aug. 3  
 To Bremen  
*President Fillmore* . . . June 17 July 22  
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 Cherbourg—Bremen—Danzig  
*President Arthur* . . . July 1  
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*Washington* . . . July 20

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Please send without obligation the guide list and the U. S. Government booklet giving travel facts and also information regarding U. S. Government ships. I am considering a trip to Europe ☐, to The Orient ☐, to South America ☐. I would travel 1st class ☐, 2nd ☐, 3rd ☐. Going alone ☐, with family ☐, with others ☐.

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My Name \_\_\_\_\_

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My Travel Ex. or R. F. D. \_\_\_\_\_

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**UNITED STATES SHIPPING BOARD**

Information Section 211A

Washington, D. C.



## The Business Weather Map of the World

Prepared each month by The INTERNATIONAL Bulletin for the International Institute of Economics. By arrangement with the National Weather Service, published by American Weather Service Expert Information and the knowledge of the U. S. National Weather Service.

KEY

1. Alaska  
2. Arctic Ocean  
3. Bering Sea  
4. Japan  
5. China  
6. Korea  
7. Philippines  
8. Formosa  
9. Siam  
10. Indochina  
11. Ceylon  
12. Malaya  
13. Dutch East Indies  
14. Australia  
15. New Zealand  
16. South Africa  
17. Brazil  
18. Argentina  
19. Chile  
20. Peru  
21. Colombia  
22. Venezuela  
23. Cuba  
24. Haiti  
25. Santo Domingo  
26. Dominican Republic  
27. Puerto Rico  
28. Mexico  
29. Central America  
30. Caribbean Sea



KEY

1. Moscow  
2. London  
3. Paris  
4. Berlin  
5. Rome  
6. Athens  
7. Cairo  
8. Baghdad  
9. Bombay  
10. Calcutta  
11. Rangoon  
12. Singapore  
13. Hong Kong  
14. Shanghai  
15. Peking  
16. Hankow  
17. Tientsin  
18. Harbin  
19. Manchuria  
20. Korea  
21. Japan  
22. Formosa  
23. Philippines  
24. Siam  
25. Indochina  
26. Ceylon  
27. Malaya  
28. Dutch East Indies  
29. Australia  
30. New Zealand  
31. South Africa  
32. Brazil  
33. Argentina  
34. Chile  
35. Peru  
36. Colombia  
37. Venezuela  
38. Cuba  
39. Haiti  
40. Santo Domingo  
41. Dominican Republic  
42. Puerto Rico  
43. Mexico  
44. Central America  
45. Caribbean Sea

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1922, 1923

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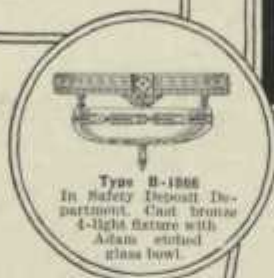
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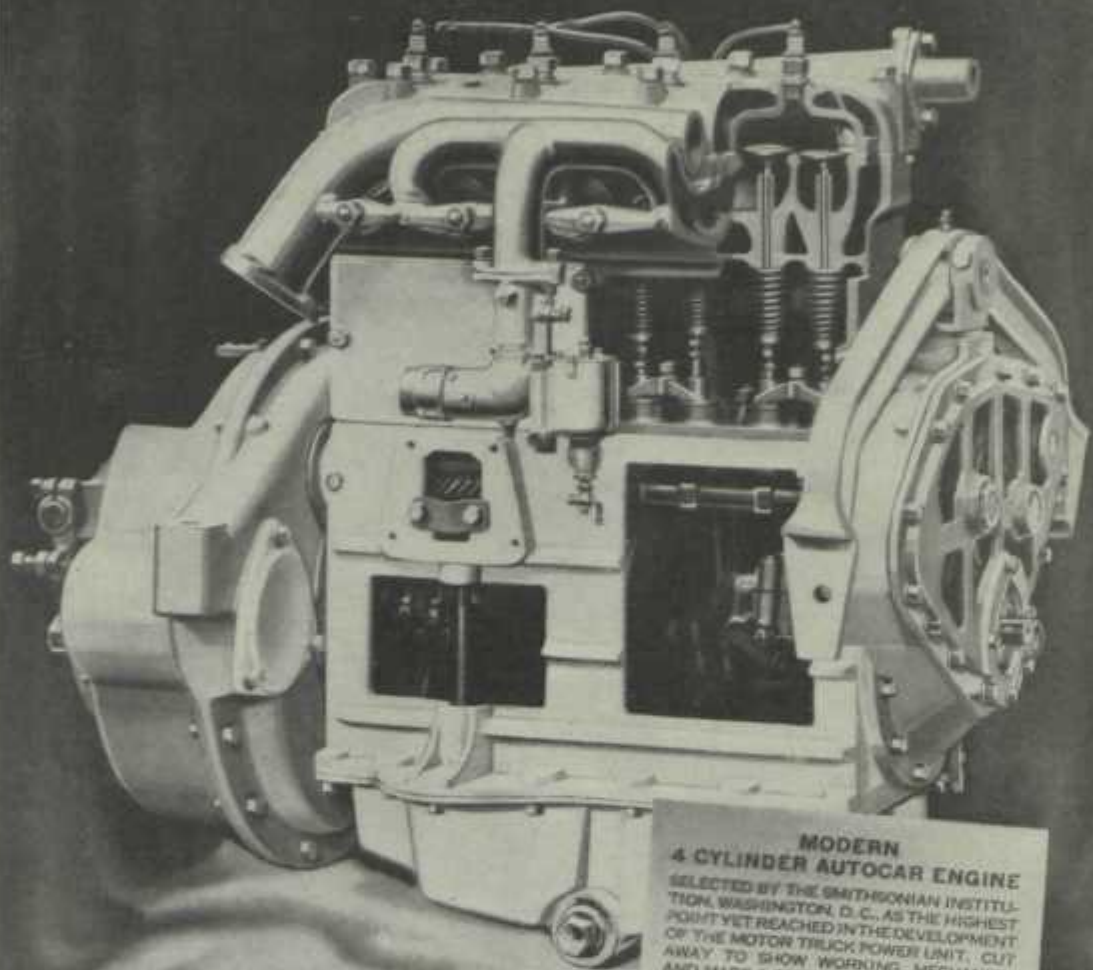
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